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NEWS SUMMARY

GENERAL

Egypt agrees talks basis

U.S. Secretary of State Cyrus Vance is prepared to engage in shuttle diplomacy between Israel and Egypt, either during or after President Carter's visit to Cairo.

This possibility increased after the Egyptian cabinet yesterday approved modifications to U.S. proposals which Israel has already accepted as a basis for negotiation.

Prime Minister Khalil would not disclose the Egyptian counter-proposals, but stressed he was still demanding a timetable for Palestinian autonomy in the Israeli-occupied West Bank and Gaza Strip. Page 3

Survival plan

The Cabinet has drawn up a survival scheme which could keep Mr. Callaghan in power until the summer or autumn. It plans delay for as long as possible the tabling of the order annulling the Scotland Act, and timing the subsequent Commons vote. Back Page and Parliament, Page 11; Politics Today Page 23

Tanker rules

The Inter-Governmental Maritime Consultative Organisation is expected to be asked to introduce rules requiring modified steering gear on existing ships, and twin independent steering systems on new vessels. This follows the publication yesterday of a report on the Amoco Cadiz tanker disaster. Back Page 2; Editorial comment, Page 22.

Hospital pay vote

London's Westminster Hospital ancillary staff rebuffed the National Union of Public Employees executive and voted by a large majority to accept the Government's pay offer, ending nearly two-months work-to-rule. Page 10

Forces move on

Tanzanian and Uganda rebel forces have moved further towards Kampala. Uganda exiles said they had attacked Mpigi, 30 miles from the capital, and unconfirmed reports said they had taken the town.

Veil protest

Iran revolutionary guards fired into the air to disperse about 1,000 women in Teheran protesting at religious leader Ayatollah Khomeini's demands that female civil servants should wear veils. Page 3

Double staff call

Staff caring for the mentally handicapped in hospitals and children's homes should be doubled, the Jay Committee says in a report to the Government. The committee, which sat for four years, also recommends a new staff training system.

Hanoi claim

Hanoi has accused Chinese troops of continuing attacks on Vietnamese territory, in spite of Peking's announcement that it is withdrawing troops. Page 3

Briefly ...

The Tigray People's Liberation Front, an Ethiopian guerilla group, claimed it had killed 71 government soldiers in two battles.

The Shetland Islands Council is threatening to close the Sullom Voe oil terminal unless tougher measures are taken to stop the pollution of beaches. Page 7

About 300 brent geese found dead at Colne Point Nature Reserve, Essex, were poisoned by grain covered in a banned insecticide.

Film director Alfred Hitchcock, 79, was presented with the Life Achievement Award of the American Film Institute.

BUSINESS

Equities top 500; Gold down $2

● EQUITIES passed the 500 mark on the FT 30-share index to close 3.4 up at 500.3. The All-Share index rose 1.6 to a new high of 249.11.

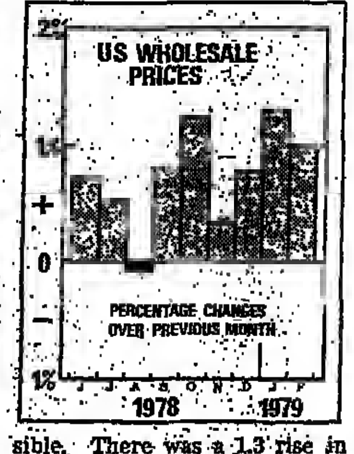
● GILTS advanced, the Government Securities index closing 1.50 up at 73.10.

● STERLING was 80 points up at $2.0425, its trade-weighted index rising to 65 (64.7). The dollar's trade-weighted depreciation widened to 8.6 per cent (8.4 per cent).

● GOLD fell $2 in quiet trading in London to close at $239¼.

● WALL STREET near the close was 6.15 up at 840.44.

● U.S. wholesale prices rose by 1 per cent last month, with food and fuel prices largely responsible. There was a 1.3 rise in January. Wholesale prices are now 10 per cent up on a year ago. Back Page



● UNNAMED shareholders of Mercantile Investment Trust, which has net assets of £115m, are seeking to obtain the full underlying market value of their investment. A special resolution will be put at the AGM.

● CANNON ASSURANCE, the medium-size unit-linked life company, is to be bought for £9.6m by Cascade Group, the Canadian finance and property company. One of Cannon's major shareholders, Mr. Edward du Cann, the Tory MP, stands to make a profit of about £1m on the deal. Back and Page 27

● UK EXPORT growth is expected to be maintained during the first half of this year at between 3 and 4 per cent, according to new Department of Trade figures. Page 8.

● COMMONS COMMITTEE on the Companies Bill remained split on the wording of a clause which would allow workers to take directors to court for failing to regard employee interests. Page 7

● READY-MIXED concrete industry is likely to be investigated soon by the Monopolies and Mergers Commission. Page 7

COMPANIES

● ROYAL DUTCH/SHELL Group finished 1978 with net income down 21 per cent at £1.09bn (£1.38bn). Page 24 and Lex

● LEX SERVICE GROUP, the UK distributor of cars and trucks, reports record pre-tax profits of £17.92m for 1978 against £12.48m and sales of £398.54m (£299.5m). Page 24

● CEMENT-ROADSTONE Holdings, Ireland's largest industrial company, plans to raise £29.2m through a rights issue. Despite an 11-week strike, pre-tax profits increased 23 per cent last year to more than £18m. Page 29

● PLESSEY pre-tax profits rose 3.1 per cent to £32.9m in the nine months to December 31 following third quarter profits of £9.8m (£9.7m). Sales for the nine months advanced from £441.6m to £464.8m. Page 24 and Lex

April 17 resumption likely as Times formula is accepted

BY ALAN PIKE, LABOUR CORRESPONDENT

A formula for negotiations which could lead to Times Newspapers publications appearing again next month received immediate endorsement from two of the unions most directly involved in the dispute yesterday.

The proposals were overwhelmingly approved at a three-hour meeting of 500 National Graphical Association members employed by the company after they had been endorsed earlier in the day by the union's executive.

At the same time the executive of the biggest Times Newspaper union, the National Society of Operative Printers, Graphical and Media Personnel, met and agreed to recommend the plan to its members.

Under the proposals, reached after overnight talks with Mr. Albert Booth, the Employment Secretary, which lasted until the early hours of yesterday morning, management and unions will work towards a resumption of publication by April 17.

Publication of the Times, the Sunday Times and the three Times supplements has been suspended by the management since November 30. There have been no negotiations until now because of an insistence by union leaders that staff dismissed when publication was suspended must be reinstated before they would talk.

Mr. Booth's formula provides for the "re-engagement" until April 17 of 3,084 dismissed staff, the last of whom were due to leave the payroll today. Employees will receive 50 per cent of their lost earnings as compensation and the balance will be made up with complete reinstatement when publication is resumed.

Mr. Joe Wade, general secretary of the NGA, described the formula as a "victory for commonsense." The union had achieved its main conditions of reinstatement and a date for resumption of publication.

Both union and management negotiators yesterday expressed admiration for the painstaking personal contribution of Mr. Booth in guiding the negotiations to an acceptable formula.

In spite of understandable euphoria that more than three months' deadlock has been broken Times Newspapers and its unions, as Mr. Wade pointed out, are "not out of the woods yet." There will now follow several weeks of difficult negotiations on, among other things, the crucial issue of introducing new technology, and the outcome of these cannot be taken for granted.

Under the formula any issues unresolved by April 7 will be referred to the Advisory, Conciliation and Arbitration Service for conciliation.

The negotiations will take place without preconditions and with both sides free to make new proposals and counter-proposals. Matters for negotiation will come under four headings:—

● A disputes procedure coupled with means of maintaining continuous production;

● Efficient working arrangements, coupled with a productivity deal and wage restructuring;

● Application of new technology in accordance with a timetable to be agreed and with arrangements for future joint reviews;

● A timetable for introducing new staffing levels, subject to preservation of the principle of voluntary redundancy.

The new technology question will prove the most vexing one for negotiators. Times Newspapers is committed to the principle of journalists and advertising staff sharing access with NGA members to its proposed new computer typesetting system. NGA policy insists that all setting work must remain under its jurisdiction. The most fruitful area for possible compromise may prove to be in the timing of the introduction of the new system.

France suspends steel lay-offs after clashes

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government and steel industry yesterday made an important concession to the steel worker's trade unions by suspending all lay-offs in the steel industry while discussions take place on the Government's steel restructuring plan.

The move followed bloody clashes between steel workers and riot police in the northern French town of Denain on Wednesday night and yesterday morning.

Thirty demonstrators and 15 police were injured, some seriously, in the demonstrations. Angry workers claim their livelihood is threatened by the restructuring plan, under which nearly 22,000 jobs are due to disappear.

In the worst incidents since violent protest in Lorraine and northern France several weeks ago, seven policemen were injured by bullets fired by a gunman shortly before midnight on Wednesday.

The shooting occurred after a day of running street battles, during which between 1,500 and 2,000 steel workers from the Usinor plant, armed with steel bars and other makeshift weapons and backed by bulldozers, had attacked Denain police station.

Although a semblance of calm returned to the town yesterday, after the unions' demand that the police should withdraw from the centre of Denain had been met, the scene still resembled a battlefield, with barricades everywhere and the air heavy with tear gas.

All approach roads to Denain and the nearby industrial town of Valenciennes, as well as the Paris-Brussels motorway, continued to be blocked by angry workers, who also occupied Valenciennes railway station.

The announcement by M. Claude Etchegaray, chairman of Usinor, one of the two large steel groups involved in the restructuring plan, that all lay-offs would be suspended temporarily, affects about 12,000 jobs. M. Etchegaray said the decision had been taken because negotiations with the unions had shown that it was possible to make some modifications.

Among the new proposals made by the Usinor management is the creation of a special company in which workers will be retrained fo rother jobs. But M. Etchegaray made it clear that the margin for modifications of the restructuring plan was very small.

The group, facing losses of FFr 1 bn (about £115m) in 1979 after a deficit of FFr 1.2bn last year, must balance its accounts by 1980-81. It is also obliged to finance investments of about FFr 660m per year over a three-year period.

M. Etchegaray's gesture suspending lay-offs was matched by Mr. Robert Boulin, the Labour Minister, who also made new proposals in negotiations with the unions, including a "golden handshake" of FFr 50,000 (about £5,800) to all steel workers who gave up their jobs

Wereldhave drops EPC bid

BY CHRISTINE MOIR

WERELDHAVE, the Dutch investment group, has withdrawn from the bidding for English Property Corporation. Carena Bancorp, the Canadian group owned by the Bronfman brothers, is considering whether to step in in its place.

Mr. Harold Milavsky, a director of Carena, confirmed last night that he and five other directors had been studying EPC's books and properties all week. By the end of next week "we should be in a position to consider making an offer for EPC," he said.

Time is of the essence for Carena, the controlling shareholder in Trizec Corporation, a Canadian quoted property group in which EPC has a half share.

EPC is already subject to a 60p per share recommended bid from Olympia and York, another private Canadian company owned by the Reichman brothers, who are the Bronfmans' arch-rivals.

Olympia's offer closes on March 23 and Mr. Milavsky said Carena would have to make its intentions clear by that date.

Olympia has been the front runner so far; it has bought a 22 per cent stake in EPC in the market and its offer topped Wereldhave's highest tender by 4p.

Wereldhave's withdrawal is caused by a change in its relationship with Carena. Some weeks ago the two reached an agreement in which Carena provided "certain assurances" to Wereldhave, Mr. Milavsky said.

Those assurances, which amounted to a cash injection of C$35m (£15m), have now been withdrawn and Wereldhave has been forced to retire

Carena has been concerned for the past fortnight that, notwithstanding its support, Wereldhave would not be strong enough to continue bidding against Olympia. Since the Bronfmans are adamant that Olympia should not be allowed to inherit EPC's stake in Trizec and thereby become a stablemate, they are now seriously contemplating a direct bid for EPC.

If they do indeed make a bid they will become the fourth suitor for EPC to have emerged since January. Eagle Star Assurance briefly made a bid after Wereldhave had opened the bidding at 37p.

At present Olympia's 60p offer is the highest and Mr. Paul Reichman, the vice-president, has said that whatever the outcome Olympia will retain its 22 per cent stake.

Libya cuts oil supplies by 18%

By David Lascelles in New York

LIBYA HAS told its major oil customers that it will cut supplies by up to 18 per cent from the beginning of April, invoking "force majeure." It gave no indication that it also proposes to cut oil production and it therefore seems likely it wants to sell more of its oil on the spot market, where prices have shot up after the Iranian crisis.

There is concern about what would happen to world oil prices if this practice caught on among other members of the Organisation of Petroleum Exporting Countries.

Libya's action was confirmed last night by Exxon, the largest oil company, and several other companies in America and Europe, including Shell, which buy oil from Libya. Some companies refused to specify the size of the reduction, but others put it at 18 per cent. The Libyans said the new arrangements would apply until further notice.

The cuts apparently affect only oil bought from the Libyan government under previously negotiated contracts. They do not affect oil produced either by Libya or by any of the foreign companies operating there so, the major foreign consortium, Oasis, which comprises Continental Oil, Marathon and Amerada Hess, as well as major operators like Exxon and Occidental, will be able to produce as before.

The only explanation Libya gave for the move was "technical reasons." However, it is not known to be experiencing any special difficulties with oil production at the moment.

A more likely reason is Libya's eagerness to profit from the tightness of the spot market where prices are now well over $20 a barrel compared with an official OPEC price of $13.45, and certainly more than the price Libya gets from its regular customers.

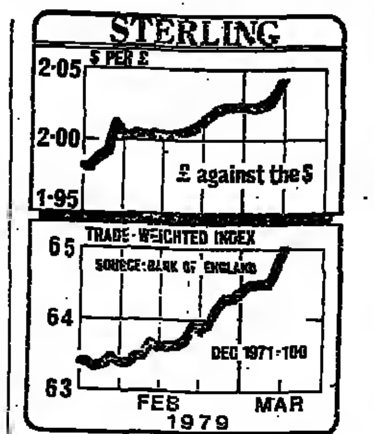
If it is a ploy to divert oil from the regular market to the spot market there would presumably be nothing to stop other oil producers following suit for as long as spot prices hold up.

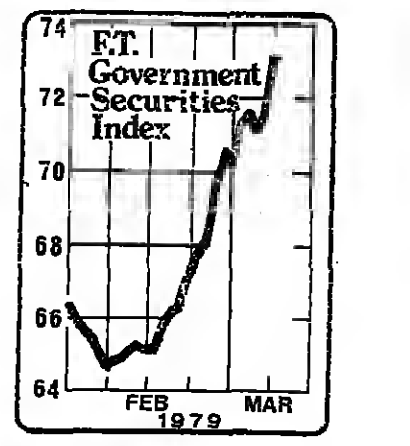
Libya produces about 2.2m barrels of oil a day and is a major supplier to the European and North American markets.

Sue Cameron writes: In London, Shell said it lifts 5,000 barrels of oil a day from Libya—a very small proportion of its total 4.5m barrels a day.

It was too early, the company said, to tell what effect the cut in Libyan exports would have on world supplies.

Iran oil forecasts, Page 3
UK oil consumption, Page 8





Pound leads market rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING ROSE sharply again yesterday to its highest level for nearly a year and there were further substantial gains in both the equity and gilt-edged markets.

Dealers said the Bank of England intervened from time to time to prevent too large a rise in the pound, but the trade-weighted index nonetheless rose by 0.3 points to 65.0, which it last reached on March 10 last year, for a gain of 1.1 per cent in the last week and an appreciation of 2.7 per cent in the last six weeks.

Strength

The rise yesterday was partly the result of the further weakness of the dollar, with sterling going up 80 points to $2.0425, its highest level since the end of last October. But the pound was also firm against the main Continental currencies, and—significantly—strong too in the forward markets.

The recent strength of sterling not only reflects the high interest rates in the UK relative to those abroad but also an appreciation that the UK is better placed than most of its competitors to face higher oil prices because of North Sea oil.

So far the inflows of foreign currency have been on a much smaller scale than in 1977, so there has been no serious threat yet to monetary control. The main concern in Whitehall has been about the competitive position of British goods given the combination of a rising pound and higher labour costs.

Gains

Some of the inflows seem to have gone into the gilt-edged market, where, in the absence of stocks on tap from the Government Broker for the last fortnight, prices have risen sharply.

The FT Government Securities index jumped 1.5 points to 73.10 yesterday for a rise of 13.1 per cent since last month's low point. There were gains of £3 in long-dated stock and of at least £1½ at the shorter end.

The most startling gain has been in the new 2000-03 issue which was heavily over-subscribed a fortnight ago and has since risen to £29 to show a potential capital gain of 93 per cent in its £15 paid form. But there is a call of £35 per cent next Tuesday.

The unsettled conditions in the gilt market have made it much more difficult for the Bank of England to judge whether to issue any new tap stocks, since they will be reluctant to risk a repetition of last month's confused scenes and heavy over-subscription.

The Bank continued to signal its desire for interest rate stability for the time being, via its money market operations with the discount houses.

The buoyancy of gilts was matched in the equity market where the FT 30-share Industrial Ordinary Index rose above 500 for the first time since October 20. It closed 3.4 up at 500.3 after a day's high of 502.7.

Meanwhile, the more broadly based FT-Actuaries All-Share Index, which broke into new high ground on Wednesday, made a further advance of 1.5 per cent yesterday to 249.11.

Money markets, Page 31
Export fears, Page 6

Review

Prime Minister told the Commons that there was a good case for reviewing the way in which the Bank of England issued gilt-edged stock. Mr. John Lee, Labour MP for Handsworth, had complained of "unedifying" scenes during the rush for stock on February 25.

£ in New York

—	Mar. 7	Previous
Spot	$2.0380-0390	$2.0240-0250
1 month	0.52-0.48 dis	0.47-0.42 dis
3 months	0.96-0.93 dis	0.90-0.85 dis
12 months	2.90-2.80 dis	3.15-3.00 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 9¾pc 1983	£94¾	+ 1¾
Exchq. 13¾pc 1987	£25¾	+ 2¾
Treas. 15¼pc 1996	£123¾	+ 3
Assoc. Dairies	254	+ 9
...s	165	+ 9
Beecham	683	+ 15
Brit. Sugar	160	+ 10
Gallett, Dickenson	95	+ 8
Farnell Elect.	450	+ 20
GKN	258	+ 7
Harris & Sheldon	61	+ 7
Home Charm	340	+ 29
...ntleigh	85	+ 9
...l. Thomson	409	+ 31
...yser Ullmann	54	+ 4
...de Intl.	209	+ 15
...yland Paint	114	+ 8
...T Furniture	345	+ 10
...rtonair	217	+ 13
...edlers	56	+ 10
...achey Prop.	120	+ 4
Plysu	162	+ 8
Redland Warrants	£47	+ 7
Sharpe (W. N.)	170	+ 12
Stanley (A. G.)	218	+ 21
Status Discount	340	+ 20
Strong & Fisher	81	+ 6
Travis & Arnold	191	+ 10
Shell Transport	680	+ 20
Central Pacific Minerals	525	+ 55
General Mining	460	+ 15
Southern Pacific Pet.	210	+ 10
Southvaal	543	+ 20
Sungei Besi	260	+ 15
FALLS		
Crouch (D.)	129	− 7
Dunhee-Combex	80	− 8
Galliford Brindley	76	− 3½
Plessey	110	− 7
R.M.C.	144	− 4
Tavener Rutledge	64	− 4

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EUROPEAN NEWS

Brussels threatens court case over steel aids row

BY GILES MERRITT IN BRUSSELS

IF BRITAIN and Italy refuse to drop their objections to a new code governing national aids to steel producers, the European Commission will not hesitate to resort to the Treaty of Rome to impose even tougher limits.

The likelihood that the Commission's competition directorate will use articles 92 and 93 of the Treaty to take defaulting governments before the European Court of Justice is being emphasised in Brussels, following the rejection by the UK and Italy of a steel aids code at the March 5 Council of Ministers meeting here.

But the Commission plan to fall back on the two articles covering state aids could well involve it in a legal tussle with some member governments. Britain's decision to block the aids code is based on legal doubts surrounding the fact that the code would be both interpreted *and* enforced by the Commission.

The British Government has argued that giving the European Commission the power to decide whether general aids constitute unfair support could affect the existing balance between Community institutions.

At the same time the terms of Article 92 on what state aids are, or may be, compatible with the Common Market are loose enough to provoke lengthy argument before the court. The article upholds, for example, aids that "remedy a serious disturbance in the economy of a member state."

The proposed steel aids code stems from moves first made in May, 1978, to control national subsidies and grants to steel producers in the EEC. Last November, West German insistence in the need to reduce aids that distort *fair* trading moved the Bonn Government to threaten the future of the Community's steel industry crisis plan.

The result was the disputed *code limiting* specific aids and endowing the Commission with the authority to police such non-*specific aids as regional grants.*

The Commission's case is that the proposed code provides more flexibility for state support to hard-hit steel industries than the strict letter of the Rome Treaty would otherwise permit. The outcome of this week's Ministerial deadlock in Brussels was that the Commission should attempt to negotiate compromise with the British and Italian Governments before the Council of Ministers returns to the matter on April 3.

Energy loans to go ahead

BY OUR BRUSSELS STAFF

A SPECIAL European Community financing instrument which could be worth almost *£550m is* due to be approved by EEC Finance Ministers when they meet in Brussels on March 19.

Dubbed the Ortoli Facility, after M. Francois-Xavier Ortoli, the EEC Economics and Financial Affairs Commissioner, it is for funding energy and infrastructure programmes in the EEC. The first tranche of the facility is for EUA500m (£340m), of which EUA300m is expected to be devoted to energy projects.

The first tranche, providing the Council of Ministers approves it, will be raised by the European Investment Bank (EIB) and disbursed by the European Commission. The exact form of the EIB loans will, it is understood, depend on market conditions.

In its present form, the Ortoli Facility has a ceiling of EUA800m (£544m) or a life of two years, whichever is reached the soonest. M. Ortoli had envisaged an initial package totalling EUA1bn, this was reduced because the European Parliament was worried that its budgetary authority could be eroded. Another facility is expected to be negotiated between the Commission, the Council of Ministers and the Parliament once the present instrument is exhausted.

Sweden plans £75m stimulus for industry

By William Dullforce in Stockholm

THE LIBERAL minority Government yesterday submitted to the Riksdag (Parliament) a SKr 661m (£75.1m) package of measures to stimulate Swedish industrial *growth. The Bill* marks a switch to the offensive after the huge state spending to defend the ailing shipbuilding, steel and textile industries over the past three years, according to Mr. Erik Huss, the Industry Minister.

The aim is to stimulate growth in those branches in which Sweden is judged to have long-term competitive advantages. It was not the Government's job to define those branches or products, but to offer general stimuli, Mr. Huss told journalists when presenting the Bill, which covers the 1979-80 budget year.

It provides for an industrial development fund to be set up, which would have *SKr 300m to spend during the* first year on promoting new products, processes and systems. The intention is to *back projects involving risk capital but with prospects of* reaching long-term profitability.

The fund will be complemented by a SKr 4m campaign to encourage the establishment of new businesses. A SKr 1m allocation will pay for consultants to help employees who want to take over and run companies being closed down by their owners.

The regional development funds set up last year to promote small and medium businesses will have *SKr 300m added to the* SKr 1bn they were originally allocated. The funds offer the *smaller businesses* cheaper credits than they could obtain *from the banks.*

The Government also wants to allocate SKr 47m to a new board which will co-ordinate Swedish consortium bids for large industrial and construction projects abroad. It will *finance project preparations,* tendering for contracts and seminar activities. Some SKr 10m would be allocated in finding ways of expanding Swedish imports of technical know-how through licensing.

An appendix to *the Bill* calculates that an annual growth in Swedish exports of 8.6 per cent would be needed to reduce Sweden's payments deficit to SKr 5bn in 1983.

Mr. Huss underlined the *Government's* commitment to the principles of the market economy. The exposure of Swedish industry to international competition was steadily increasing, but a commitment to free trade was essential, if industry was to be effective and capable of adjusting to changes in its working conditions.

THE EUROPEAN MONETARY SYSTEM

A case of life before birth

BY DAVID MARSH

FOR SEVERAL months European currencies have been behaving exactly as if the European Monetary System—now expected to get under way next week after being stalled for more than two months—were already in operation.

The chart shows the movements of European currencies compared with their "central" rates against the Deutsche Mark. For the Dutch guilder, Belgian franc and Danish crown, these are the midpoint rates within the European currency "snake" set after the last DM revaluation last October. For Sterling, the Lira and the French franc, movements have been plotted on the basis of market rates against the D-Mark on the last trading day of 1978, which was planned as the base day for the operation of the EMS.

Since the start of the year all EEC currencies (including Sterling, which will not initially take part in the EMS intervention mechanism) have moved well within an overall 4.5 per cent band against the Deutsche Mark. More often than not, they have been in the upper rather than the lower half of it.

This spread (2.27 per cent above and 2.23 per cent below centre rates), the same as the one established under the snake scheme, is almost certain to be adopted as the basic divergence band once the EMS starts up, although Italy will probably at first opt for a wider spread for the lira.

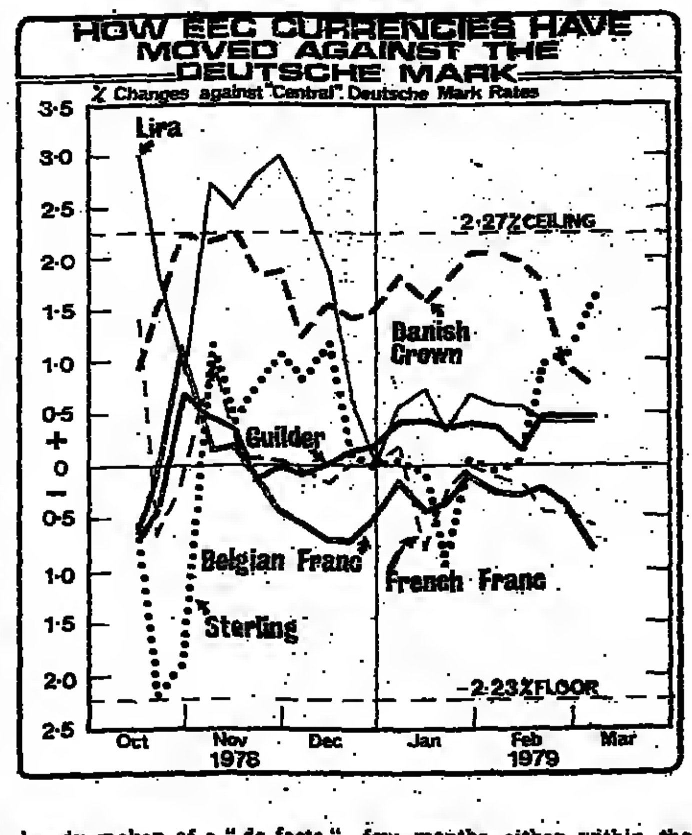
Dr. Otmar Emminger, President of the Bundesbank, has already spoken of a "de facto" EMS being in operation—but he did not mean that EEC central banks have been intervening quietly to hold their currencies within nominal limits against the D-Mark.

In fact, there has been hardly any intervention over the last few months either within the snake or by other EEC central banks to hold currencies in line with the D-Mark. (Rather, intervention has been in the other direction, with snake central banks buying D-Marks on the market over the last month or so to repay heavy debt obligations to the Bundesbank: these have been reduced from DM 3.3bn just before the October Mark revaluation to around DM 1.1bn at the end of last month.)

The French and German central banks are believed to have concluded a private agreement at the end of last year to lend support to the French franc if it looked like getting sharply out of line, but, as the chart illustrates, this has not been needed.

Why, then, have EEC currencies been so stable at a time when the revolution in Iran and the rising price of oil might otherwise have been expected to bring turmoil to exchange markets? The answer lies in the stability of the Dollar since the November U.S. support action was implemented. This has led to reversal of the large speculative movements of international money into the D-Mark, Swiss franc and (especially) the Yen which took place towards the end of last year. It has indirectly boosted the "weaker" currencies such as the French franc and the Lira.

Over the last two to three years a pattern has developed within the "snake" system of pressures building up through such speculative currency movements every six months or so. Whether this trend will be maintained, leading to fresh unrest around the D-Mark later this spring, is a question which will be on the minds of EEC heads of government when they assemble in Paris next week to put flesh on to the bones of the phantom EMS.



Call-up ends Barcelona strike

BY DAVID GARDNER IN BARCELONA

WORKERS IN Barcelona's Metro called off their strike *yesterday, after the* Government published a decree drafting all underground railway employees into the army and thus subjecting them to military discipline. *The decree followed* representations in Madrid by the Civil Governor of Barcelona, the Government's chief executive in the province.

The last time Metro workers were placed under military *discipline* was in Madrid in January 1976 during the strikes which led to the downfall of the Government headed by Sr. Carlos Arias, the Franco regime's last Prime Minister and the monarchy's first. Coming so soon after the first general election under the new constitution—which in theory guarantees the right to strike—the measure *has* caused profound discontent in the Catalan and Spanish labour movement.

The Socialist General Workers' Union, meanwhile, is considering taking the matter to the International Labour Organisation (ILO), while other unions are discussing denouncing the measure in international courts.

The decree was made during a period of considerable industrial unrest. Bakery workers are on strike in Barcelona and *chain store and textile industry* workers are on strike in Barcelona—where they number about 240,000—and in the rest of Spain. The breakdown of negotiations between employers and the unions has led to radical attitudes on both sides. Two bakeries and Barcelona's Sears department store have been bombed in the past few days, pickets have been arrested, and some Catalan textile employers have locked their workers out.

The lack of adequate channels for collective bargaining has become increasingly apparent since unions and employers failed to reach agreement on a social contract to replace the provisions of the "Moncloa pact." The Government instead introduced a decree last December imposing a wage ceiling of between 11 and 14 per cent.

The most notorious example of this vacuum was at the Michelin tyre plants in Vitoria, where management agreed to negotiations only after the political-military wing of the Basque guerrilla organisation ETA had kidnapped Sr. Luis Abaitua, the managing director, who was freed last week.

McNamara seeks more Bonn aid

BY ROGER BOYES IN BONN

MR. ROBERT McNAMARA, the World Bank president, yesterday urged West Germany, Japan and the U.S. to increase their relatively small official aid programmes as soon as possible. The appeal followed a day of talks about the World Bank with Chancellor Helmut Schmidt and Herr Rainer Offergeld, the Development Aid Minister.

Mr. McNamara's message was clear although, at a news conference here, he stressed that no criticism of Bonn was intended. West Germany, he said, contributed only 0.27 per cent of its GNP in 1977 to official development aid. This was well below the internationally agreed target of 0.7 per cent, and even less than the average already achieved by member countries of the Organisation for Economic Co-operation and Development.

West Germany, which depends heavily on imports of raw materials, should be prepared to make sacrifices now if only to secure a better future economic relationship with the Third World.

Although Mr. McNamara praised the level of West German private sector investment in the developing world, he said it was no substitute for a substantial official aid programme.

Bonn, when under fire for its official programme, frequently points to the large volume of private transfers between West Germany and the developing nations. The Bundesbank recently maintained that the combination of official aid and private payments from 1974 to 1977 averaged a respectable 1.1 per cent of GNP.

Mr. McNamara argued yesterday, however, that such private transfers only rarely benefited the least developed countries—like Upper Volta, Mali and Bangladesh.

Non-Socialists edge ahead in opinion poll

By Our Stockholm Correspondent

SWEDEN'S non-Socialist parties edged ahead of the two left-wing parties in the latest opinion poll taken in February, seven months before the general election.

The implication is that the return to power of the Social Democrats, who ruled Sweden for 44 years until 1976, is less certain than had been supposed after the collapse of the non-Socialist coalition Government last October.

The three non-Socialist parties obtained 49.2 per cent of voter sympathies in the poll, conducted by the Central Statistical Bureau, against 48.8 per cent for the Social Democrats and Communists.

Under Sweden's proportional representation system, however, the non-Socialists would not have been ensured of a parliamentary majority.

Amoco Cadiz inquiry calls for better emergency co-operation

BY PAUL TAYLOR

INTERNATIONAL regulations on the design of ships' steering gear, crew training and emergency procedures need to be tightened if another Amoco Cadiz disaster is to be avoided. This is the main conclusion of the interim report from the independent Liberian Board of Investigation into the accident published yesterday.

In addition the Board, which held its inquiry in London, suggests that the Inter-Governmental Maritime Consultative Organisation (IMCO) should review the workings of the resolution concerning co-operation between member states in the after-math of a shipping disaster.

The Liberian registered Amoco Cadiz, a very large crude carrier (VLCC) owned by the Amoco group and chartered by Shell International, was wrecked on the Brittany coast on March 17 last year, releasing its 220,000 tons of Iranian light crude on to the beaches and causing the worst ever pollution disaster.

Five days later, the Liberian Government set up an independent five man-Board of Inquiry into the incident chaired by Sir Gordon Willmer, a former Admiralty High Court Judge.

Dealing immediately with the sensitive subject of "flags of convenience," the report states "the causes of this lamentable casualty were not to be found in the fact that the Amoco Cadiz happened to wear the Liberian flag, or that she was an ill-equipped or ill-manned vessel." The vessel was a modern ship with a well trained crew meeting all international requirements.

However, the Board is extremely critical of the "singular lack of co-operation" from the French authorities, who, it is claimed, have withheld documents taken from the ship, refused to hand over radio logs and have not allowed examination of equipment thought to have been taken from the wreck.

While the primary cause of the disaster is blamed on a failure in the vessel's steering gear, the report criticises the "lamentable failure" of the ship's crew to maintain adequate records of the vessel's movements immediately prior to a steering failure.

On the steering gear failure itself, the Board concludes that the fact that the Amoco Cadiz did not have a fully independent steering system must result in "urgent consideration by IMCO at the earliest possibility."

However, although certain aspects of the steering gear design and installation were "not adequate for the service intended," it would be wrong to blame the ship's owners or builders, or the vessel's engineers for the failure.

Captain Bardari is severely criticised for his actions following the failure of the steering gear. He is accused of "failing lamentably" to take responsibility for deciding what steps should be taken and is particularly criticised for his "inexcusable delay" in calling for tug assistance.

The Board suggests that had he called for assistance earlier another tug might have arrived in time to stop the vessel from grounding. However, it says that "it is not possible to say whether these errors and omissions had any causative effect in the sense of contributing to the ultimate stranding and loss of the Amoco Cadiz." Captain Bardari's Liberian Masters' licence is to remain suspended and further disciplinary action is to await the final report.

On the other hand the crew of the Bugsier rescue tug Pacific is cleared of any responsibility for the disaster.

The Board's main recommendations include:

- IMCO should undertake a full review of steering gear requirements.
- Ships' crews should be trained in dealing with casualties.
- Salvage companies should be encouraged to co-operate with member states in providing a rescue service.
- Ships' masters should be required to report any loss of control when in a shipping separation zone, and communications facilities between ship, shore and rescue services should be improved.
- IMCO should examine the need for tightening up regulations on co-operation between member states.

W. Germans forecast rise in investment

By Adrian Dicks in Bonn

WEST GERMAN industry appears to lack sufficient confidence in the present economic upturn to be planning more than a 4.1 per cent increase in medium-term investment, the IFO economic research institute of Munich reports.

On the basis of both of its latest monthly business opinion test and of its annual survey of investment plans, IFO reports that most companies remain optimistic for 1979. The rate of capacity use remains high, although the institute concludes that this encouraging feature could change very quickly. Backlogs of orders remain too a deterioration in confidence.

In any event, the survey's respondents indicated that the present confident mood in industry is unlikely to last throughout the year, given the smaller number of companies planning to increase production this year, and the belief that at least a part of the current strength of demand is due to stock rebuilding, which is likely to be completed.

Even without the short-term vulnerability of the present high level of activity, the IFO findings are that most business expects another slowdown in 1980. For 1979-83, the consensus expectation is for average real growth of only 3 per cent a year. As a result, companies expect a 6 to 8 per cent rise in real investment in 1979-80, but over the four years, an average rate of no more than 4.1 per cent.

As IFO remarks, this figure is too low to contribute to reducing unemployment. Indeed, the respondent companies reported that they expect a slight drop in the number of people they have on their payrolls.

Demand for Luns inquiry is rejected

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Parliament yesterday rejected a call for a Government investigation into the membership of Mr. Joseph Luns, NATO Secretary-General, in a pre-war Dutch Nazi organisation.

Mr. Luns' position in NATO was untenable if it turned out he had not been speaking the truth, Mr. Joop den Uyl, Labour Party leader, said. He pressed for an investigation in an emergency debate called after the Government *announced* it planned no further action.

The Government opposed this on the grounds it would only throw up "assumptions and half-truths," Mr. Dries van Agt, the Prime Minister, said.

Mr. Luns confirmed in a letter to the Government his earlier suggestion that a brother had entered him as a member of the National Socialist Movement (NSB) in 1933.

The same brother removed his name from the list three years later when Mr. Luns made it clear he did not want to be associated with the NSB, he added.

The Government was also criticised during the debate for allowing the Institute for War Documentation, which comes under the Education Ministry, to disclose details of Mr. Luns' past.

Portugal to exploit energy resources

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Government is to set aside Es 34.5bn (£357m) of investment to develop Portugal's natural energy resources and to exploit the country's mineral deposits.

But it has accepted a proposal from Senor Alvaro Barret, the Industry Minister, that two of the country's major industrial projects, the national steel plan and the second phase of the petro-chemical complex at Sines—which between them aim to draw on a total investment of nearly Es 47bn—should be re-assessed. This would be in light of the moderate target set by the Government for economic growth and the short-term future of the international market.

Industry sources, however, are insisting that the shelving of either or both of these two major schemes is extremely unlikely and that a firmer commitment from the Government is expected within the next month.

The Government's latest clarification of its short-term investment policies was made during a lengthy Cabinet meeting on Wednesday night.

The council, an advisory body composed of representatives from the unions, political parties, and private and public sectors, claimed that the Government's overall investment plan, published last month, was too ambiguous.

Poor start at Swiss hotels

By John Wicks in Zurich

SWISS HOTELS have suffered their worst start to the year since 1969, with the total of 2.1m overnights in January, 16 per cent down from the same month of 1978.

The drop was due largely to a 22 per cent decline in foreign guests in terms of overnights, though there were also 6 per cent fewer Swiss guests.

Guy de Jonquieres, Common Market Correspondent, recently in Stockholm, on Swedish-EEC relations

A worrying feeling of isolation

ON THE face of it, Sweden has made a reasonable recovery from the world-wide recession which followed the 1973 oil price increase. Its economy grew by 2.5 per cent in real terms last year, a figure comparable to that in several Common Market countries, and the official unemployment rate has been held down to an astonishingly low 2.5 per cent.

Inflation was a little over 7 per cent and is officially forecast at 5.6 per cent this year, while the trade balance moved back into a surplus of almost $1bn.

Yet despite these modestly encouraging trends Sweden's industrialists are distinctly uneasy about the future. They complain that the apparent buoyancy of the economy is artificial, the result of injecting large sums of public money into job maintenance schemes and the financing of production for inventory. They are worried that this feather-bedding has only delayed an inevitable shake-out in less efficient sectors and that in the meantime their international competitiveness will continue to be eroded by steadily rising costs.

Most of all they are concerned about how Sweden, as a small neutral country, will fare in the longer-term in a world that is becoming organised increasingly into large trade blocs with strong tendencies towards protectionism. After almost 30 years of steadily-increasing post-war prosperity based on access to an open international trading system, Swedish companies are afraid of being left out in the cold. According to Mr. Hans Stahle, president of Alfa-Laval and chairman of the Federation of Swedish Industries, "We are sometimes damned scared of becoming isolated from our most important markets."

In recent months both industry and the minority Liberal Party Government have been looking increasingly to the Common Market in the hope that it can serve as a haven from troubled international economic water. The EEC already buys about half Sweden's annual exports of SKr 79.6bn ($18bn). For its part, Sweden is the Community's third biggest market after the U.S. and Switzerland. It purchased goods worth SKr 38.6bn from EEC countries in 1978, accounting for more than half its worldwide imports.

The main formal link is a trade agreement negotiated in 1972 and broadly similar to the accords concluded by Brussels with other EFTA countries. Since mid-1977, the bulk of merchandise trade in both directions has been free of duties. The two main exceptions are Sweden's steel exports, which are subject to the Community's external minimum price arrangements and a voluntary commitment to observe "traditional patterns" of trade, and pulp and paper, which are allowed into the Community tariff-free only up to specified ceilings. The EEC is due to eliminate tariffs on these products completely in 1980 and 1984 respectively.

The Swedes were jolted when the EEC first introduced its curbs on steel imports in 1977, but they now claim to be reasonably satisfied with the working of the agreement. However, there is a growing feeling in both Government and business circles that the agreement as it stands does not go far enough and that additional measures are needed to improve communication and cooperation with Brussels.

Last month, Ministers and leading industrialists put their views to Viscount Etienne Davignon, the EEC Industry Commissioner, when he visited Stockholm. He responded with soothing reassurances that the Community would continue to pay close attention to Sweden's economic and commercial interests, but the talks yielded no concrete decisions. In part, the inconclusive outcome reflected the practical difficulty of putting flesh on the bones of EEC-Swedish bilateral relations.

Many business leaders admit that they would like Sweden to apply for full EEC membership. But in the same breath they concede that this is out of the question. The possibility was decisively rejected several years ago, and any attempt to revive it could run immediately into hostile objections that it would compromise the country's much prized neutrality. As one official put it: "We could only imagine applying if the world economy underwent such a disastrous slump that economic realities left us no alternative. But in such conditions, it is questionable whether the EEC itself would survive."

At the same time, the prospective admission of Greece, Portugal and Spain to the EEC is viewed with rather mixed feelings in Stockholm. Officially, and no doubt sincerely, the Government welcomes the further enlargement of the Community because it is expected to underpin democracy in the three countries. But it also fears that the community will become bogged down in the practical problems of integrating three new, Mediterranean, members that it will have little time to spare for its neighbours to the North.

There is much talk in Stockholm about developing co-operation with the EEC on industrial policy. Government and business leaders appear convinced of the need for a carefully-planned restructuring programme to prepare Swedish industry for the future, and last year commissioned a U.S. consulting firm to draw up specific recommendations. Somewhat predictably, it advised investment in advanced technology industries with a high R and D content. There seems to be an equally firm, if optimistic, conviction that the EEC will be impelled to follow a similar path.

When pressed, officials and businessmen admit that their prime concern is keeping a foot in the Community door so that capacity and production can be tailored to EEC markets. Swedish multinationals have invested heavily in the Common Market and Sweden is clearly aggrieved that it is not consulted when companies and governments of the Nine get together behind closed doors to discuss future plans. There is concern, too, that Sweden's defence industry may find the going increasingly tough unless it can link up with partners inside the EEC. The problem of finding enough work for the aerospace sector has increased since Sweden recently decided not to go ahead with a planned combat aircraft to have been built by Saab.

The list of potential areas in which Sweden envisages closer collaboration includes rules of origin for industrial products, the opening up of Government procurement policies, the future of the steel, textile and paper industries, and GATT. But, so far, it has made no specific proposals for the form which such co-operation might take.

Nor is Sweden seriously interested at this stage in associating itself with the proposed European Monetary System (EMS). After being forced to leave the currency "snake," and make a substantial devaluation in 1977, its attitude towards the EMS is clearly one of wait and see.

There is a feeling some quarters in Stockholm that the Community should be more active in putting up its own ideas. But, until Sweden is able to present more specific ideas for the rapprochement that it says it wants, and shows that these would clearly benefit both sides, there is likely to be lingering suspicion among EEC officials that it is seeking most of the advantages of Common Market membership without the accompanying obligations.

Spain leaves OECD pact on shipbuilding credits

BY TERRY DODSWORTH IN PARIS

CHANGES IN the credit system used by the Western world's shipbuilding nations are almost certain to follow Spain's decision to withdraw from the non binding agreement which governs the industry.

Talks at the OECD's shipbuilding working group in Paris broke up yesterday with an agreement to meet again in about three week's time for a further discussion of the credit issue. Members are anxious to reach a conclusinn because of fears that any further delays may cause the industry's fragile order hooks to crumbla still further. There is evidence at the moment of shipowners delaying new contracts in the hope nf improved credit conditions.

At the same time, Mr. Albert Gruebel, chairman of the working group and Swiss Ambassador at the OECD, made it clear yesterday that the ship-building countries were hoping to keep Spain within the lines of the understanding. This will occur automatically for the next few weeks, since Spain is hound by the understanding for a 3-month period after its decision to resign. But clearly if Spaio is to be kept in afterwards the other nations will have to move in the direction it is advocating.

The question is bow widespread the support for Spain's policy of cheaper export credits will be. Although several countries would like to see an easing of the rates applied under the understanding—a minimum interest rate of 8 per cent over seven years on up to 70 per cent of the vessel's value—others are less certain about the effects of a change on order books.

An alteration is also likely tn be costly. Spain, for example, is advocating a 0.5 per cent cut in tha minimum interest rate, a rise of 10 per cent to 80 per cent in the order valne which can be covered by a loan and an extension of 1½ years in the repayment period.

Such measures could cause some political embarrassment in countries where credits have to be built into national budgets and come under full public scrutiny—as in Germany, tha Netherlands and the UK.

Rapid rise in aircraft sales

By Michael Donne, Aerospace Correspondent

THE WORLD'S airlines are now buying new aircraft at a much faster rate than a year ago, despite concern over fuel supplies, and rising costs.

Mr. Bruce N. Torell, president of Pratt and Whitney, the biggest aero-engine builder in the world, said that orders for the company's engines so far this year were more than double those in the same period of 1978.

Recent major airline decisions in favour of P. and W. engines were those by Scandinavian Airlines System for its European Airbuses, Japan Air Lines for its five recently ordered Boeing 747s

Iran military equipment

BY JAMES BUXTON

IRAN WILL continue to need outside help in servicing the £1.5bn worth of British military equipment it possesses if it is not to go to waste. International Military Services, the defence supply and support company belonging to the Ministry of Defence which has been operating in Iran, does not discount the possibility of returning there.

This was stated yesterday by Brig. Douglas Templeton, a director of IMS, at a conference on commercial openings resulting from UK/Middle East defence contracts. Currently IMS has withdrawn its personnel from Iran and, as with other British defence contractors, the future of its contracts is unclear.

But the revolution in Iran had made IMS looked harder for defence support contracts elsewhere in the Middle East, Africa and Asia, and was not expecting contracts nearly as large as those in Iran. "We are less blasé than we used to be about contracts of less than £50m," Brig. Templeton said.

He told the conference, organised by the CBI and the Middle East Association, that too often individual British companies competed with each other for defence contracts in the same country. Other arms exporting companies avoided doing this, he said.

Krupp wins $200m Brazilian contract

By Jonathan Carr in Bonn

KRUPP-KOPPERS OF Essen, part of the diversified Krupp concern, has won an nrder from Brazil for design and construction of a plant for coal gasification. The total value of the project, in which local Brazilian industry will also have a share, is put at about $200m.

The contract for the plant, to be constructed at San Jeronimo in the state of Rio Grande do Sul, has just heen signed between Krupp-Koppers and Petrobas, the Brazilian Government-owned oil company.

The object of this particular plant will be to convert bituminous coal with a high ash and sulphur content into gas.

The gasification process being used is the so-called Koppers-Totzek process.

Germany leads in machinery exporting

By Guy Hawtin in Frankfurt

WEST GERMANY is the world's leading machinery exporter. Figures for 1977—the latest available—show that the Federal Repnblic controls 20 per cent of the world's export deliveries.

In second place is the United Staes; its market share standing at just under 18.5 per cent, according to statistics from a study produced by the Verein Deutscher Maschinenbau-Anstalten (VDMA), West Germany's mechanical engineering trade association.

British exporters hit by strength of sterling

BY LORNE BARLING

BRITISH EXPORTERS are seriously concerned about the continuing strength of sterling on their export competitiveness, rating the problem as highly as wage awards in the UK which are outstripping those of foreign competitors.

Although the currency problem is more serious for companies exporting to the U.S., and for internationally price-sensitive sectors such as chemicals and textiles, its long-term implications are worrying.

According to both the Confederation of British Industry and the British Overseas Trade Board, exporters also regard currency instability as damaging to their efforts overseas, although many companies regard it more as an inconvenience.

In manufacturing in general, the concensus was that companies must reconcile themselves to a stronger pound and place more emphasis on quality, design and market suitability in particular.

According to recent surveys, there is no real evidence that curency fluctuations bave a damaging effect on capital investment, although the lack of investment is considered to be the cause of Britain's lack of competitivenes in some product areas.

On the other band, many companies do bclieve that a stronger, more stable currency will bave the effect of holding down wage increases, which in terms of unit labour costs went np by 13 per cent last year—about twice the OECD average.

S. Korea urged to drop subsidies

BY CHARLES SMITH IN SEOUL

SOUTH KOREA was "invited" to subscribe to a proposed GATT code on the phasing out of export subsidies by a high-level mission from the EEC which left Seoul yesterday after a three-day visit.

The mission, led by Mr. Manfred Caspari, of the Commission's External Relations Directorate, warned South Korean officials that failure to subscribe to the code could invite retaliatory action against South Korean exports from the U.S. A decision to subscribe would involva entering into a commitment to remove existing export subsidies over a period of years.

The Caspari mission recelved no bint from South Korea as to whether or not it would accept these conditions. South Korea can arguably be said to subsidise most of its exports since export finance is available to South Korean companies at rates of interest far below normal market levels.

UK in China sugar plant talks

BY TERRY OGG

TOP LEVEL teams from two UK trading groups, Booker McConnell and Tate and Lyle, are currently in China discussing projects aimed at modernising China's sugar industry.

Through a joint venture company, UK Sugar Systems, the two companies will pitch for contracts to build four sugar factories—two cane and two beet—worth around £40m each, capable of producing between 4,000 tonnes and 5,000 tonnes of sugar a day. They bave also organised a seminar in Canton on new developments in technology for utilising sugar by-products to yield sugar-based chemicals.

The initiative follows a trip by Booker's chairman, Sir George Bishop and the chairman of Tate and Lyle, Earl Jellicoe, to China with Lord Roll's mission in September last year.

The Chinese sugar Industry is relatively backward. Total consumption is only 5m tonnes a year which works out at about 4kg of sugar for each Chinese citizen. About 1m tonnes of beet sugar is produced every year and around 3m tonnes from cane. The remaining 1m tonnes is imported. It appears the Chioese Goveroment is seeking additional sugar capacity to replace imports and increase the consumption levels.

The British joint venture faces tough competition for a slice of the potential eqnipment and tecbnology markets from sugar companies ln France, Germany, the U.S. and Japan. Britain's prospects in China,

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BAT re-opens market

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BRITISH-AMERICAN Tobacco announced yesterday that it was to re-open exports of its international brands of cigarettes to China.

The agreement follows a recent visit to China by a delegation of BAT executives headed by Mr. Trevor Tice, the group's European co-ordinator.

The deal is to supply a variety of BAT's international brands from the U.S., Germany, and UK, including BAT's own State Express 555 brand and the Benson and Hedges and John Player brands which it exports for other UK cigarette companies.

BAT emphasised that the agreement was only for "initial quantities" and that it hoped for increased sales in the long term. China was for many years BAT's largest overseas market and the company hopes that this will give it the edge over competition from other manufacturers in capturing the potentially vast Chinese market.

China itself exports substantial quantities of tobacco leaf and it has also asked BAT's technical specialists to advise of developing its production.

Japan fails to reach $4bn import target

TOKYO—Japanese imports under an emergency scheme to cnt Japan's trade surplus will reach about $2.79bn for fiscal 1978 ending this month, below a target of at least $4bn, International Trade and Industry Ministry officials said.

Emergency imports, financed by low-interest foreign currency loans from the semi-official Export-Import Bank of Japan, totalled $2.2bn at the end of January, they said.

About $590m are expected to be spent by the end of this month on buying aircraft for leasing nverseas and ships, they said.

Imports so far implemented included $1bn advance payment for uranium enrichment services, $322m on aircraft for leasing abroad, $282m of ships, $413m of crude oil for stockpiling aboard idle tankers, $85m of pelletised iron ore, $87m of uranium concentrates, and $29m of chrome and nickel.

Reuter

Indian fines threat

Indian exporters supplying low-quality products face imprisonment and stiff fines, writes K. K. Sharma from New Delbi. This has been decided by the Government in its bid to improve India's image abroad and export performance which has been flagging in the past year. The punishment is proposed to be part of the Export Quality Control and Inspection Bill tn be introduced to Parliament during its current session. Errant exporters face imprisonment up to three years and a fine of R50,000 (about £3,250).

Textile machinery

Ernest Scragg and Sons, one of the textile machinery divisions of Stone-Platt Industries, has finalised contracts worth £11.4m with a West Europe manufacturer, Colleen Toomey writes. Over the next few months Scragg will begin delivery of high speed draw-texturing machinery for polyester and fine denier nylon. The company declined to reveal the name of the customer as supply of the high-production machinery will involve redundancies and re-structuring in the highly-competitive industry.

Plant for Sudan

A contract valued at over £1m for installation at the Maple Cement plant, Atbara, of a 20 km monocable aerial ropeway has been awarded to British Ropeway Engineering (Casper Neill Group), of Sevenoaks, Kent, by Sudan's Building Materials and Refractories Corporation. The order, which includes site services, civil engineering, erection and commissioning, is the largest ever placed for a single industrial monocable ropeway.

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February a better month for cars

BY LISA WOOD

CAR PRODUCTION, which was considerably held back by the haulage dispute in January, increased steadily last month.

Provisional Department of Industry statistics published yesterday show that seasonally adjusted output of cars in the four weeks ending February 24 was 103,000—an increase on January production figures of more than 9 per cent, but well below the 112,000 cars produced in the same period last year.

With the market still running at the same high level as last year car makers may face even higher imports.

The whole of the last quarter of 1978 was affected by the nine-week Ford dispute, and monthly production fell from 111,000 in September to 79,000 in October, 53,000 in November and 93,000 in December which was a five-week month.

Commercial vehicle production improved in February on its fairly high January level. The seasonally adjusted output was 37,800, surpassing the best months last year when more than 36,000 commercials were produced.

Pollution fears bring new move to shut Sullom Voe

BY RAY PERMAN, SCOTTISH CORRESPONDENT

OIL COMPANIES with a share in the Sullom Voe terminal were told yesterday that the Shetland Islands Council would consider closing it temporarily unless tougher measures were taken to stop pollution of beaches.

The council, which is port authority for the terminal, is concerned about tankers discharging dirty ballast water as they approach Shetland from the north-east.

Tar has been washed up on beaches and oil slicks have been sighted at sea. Farmers and fishermen are worried about the effect on their livelihoods. The Royal Society for the Protection of Birds says that 6,000 birds have been killed.

Sullom Voe is an important link in the North Sea oil system. Crude is brought ashore by two pipelines from the Brent and Ninian field systems. Closure, even for a short period, would seriously affect the revenues of the companies.

Shortly after the official opening of the terminal in January there was a big oil spill when a tanker was holed and 1,000 tonnes of marine diesel fuel escaped, soiling beaches.

Since then the main problem has been that discharge facilities to take ballast water from tankers have not been in use, and some captains, anxious to load as much crude oil as possible, have discharged oily ballast water into the sea before reaching the terminal.

It is illegal for ships to flush their tanks within 50 miles of land, but outside the port area at Sullom Voe it has proved difficult to enforce this regulation.

Mr. Raymond Bentley, an Islands councillor, said that it might be necessary to close the terminal temporarily to enforce more stringent anti-pollution measures. If nothing had been done, the council would consider this at its next meeting in April.

Probe likely in concrete industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE READY mixed concrete industry is expected to be investigated shortly by the Monopolies and Mergers Commission.

The Office of Fair Trading confirmed last night that Mr. Gordon Borrie, director-general of Fair Trading, had written to several of the leading ready mixed concrete companies asking for their comments on the proposed probe.

If Mr. Borrie decides to go ahead and refer the industry to the Commission, the companies' comments will be taken into account when drawing up the terms of reference for the inquiry.

The Ready Mixed Concrete Company said last night that it had been asked to comment on "whether a monopoly situation exists in favour of any suppliers of ready mixed concrete in the UK and, if so, whether it operates or may be expected to operate against the public interest."

If the investigation goes ahead, then it is likely to take at least two years for the Commission to complete its report.

The proposed investigation follows the discovery over the past two years of a number of restrictive trade practices in the ready mixed concrete industry. However, these agreements have been abandoned following their disclosure.

● The Monopolies and Mergers Commission is also to investigate the supply in the UK of tampons used for sanitary protection. The £14m a year market is dominated by Tampax, with some 62 per cent of the market, and Southalls of Birmingham with the remaining 38 per cent.

Cavenham magazine will be called Now

By Max Wilkinson

THE NEWS magazine which Sir James Goldsmith, head of Cavenham Foods intends to launch in September will be called Now, it was announced yesterday.

It will consist of about 130 glossy pages, half in colour, and will be published probably on Fridays.

Yesterday, Mr. Anthony Shrimsley, editor in chief, said the magazine would cover business, the arts, political comment and place a strong emphasis on colour photography.

He said that the magazine has been assured of financial support for a considerable period.

The magazine will have 60 editorial staff and among those recruited so far are Patrick Huther, of the Sunday Telegraph, who will be assistant editor in charge of business coverage, and Mr. Brian Hitchens, the present news editor on the Daily Express, who will be assistant editor.

Other journalists on the magazine include: Mr. Christopher Dobson and Mr. Ronald Payne, investigative reporters on the Sunday Telegraph, Mr. Edward Pearce, leader writer on the Daily Express, Mr. William Norris former parliamentary correspondent of The Times

Companies clause divides MPs

BY ANDREW TAYLOR

THE COMMONS Standing Committee on the Companies Bill remained strongly divided yesterday on the wording of a clause which would allow workers to take company directors to court for failing to take due regard of employee interests.

The clause, which is facing a number of wide-ranging amendments, has aroused fierce opposition from Conservative MPs who say it could lead to serious conflicts of interests with directors having to pay regard to company, shareholder and employee interests.

Labour back-Benchers, led by Mr. Ian Mikardo, MP for Tower Hamlets, Bethnal Green and Bow, were yesterday strongly critical of a Government amendment which they say weakens the clause.

Mr. Michael Meacher, Under-Secretary for Trade, said the Government did not intend the clause to be used for solving industrial disputes.

He envisaged the clause would be triggered only in blatant cases where directors had completely ignored the interests of employees. It was designed to redress an imbalance between the rights of shareholders and employees.

Mr. Cecil Parkinson, Conservative MP for Hertfordshire South, said the wording of the Government amendment was unfair because shareholders would not have the same redress to the courts as employees.

He said there was already a large amount of legislation dealing with employee interests and said it was completely wrong to suggest that workers were utterly defenceless in the face of company directors. If anything, the imbalance between shareholder and worker had very much swung in favour of employees.

Mr. Parkinson said the clause would mean that virtually every management decision would be open to debate. He said the clause could even damage the interests of the works it sought to protect.

Mr. Meacher had earlier refuted claims that industry would face a barrage of legal actions as a result of the clause. Fears that industry would be paralysed were groundless, he said.

He said it was not Government policy that industrial disputes should be solved in the courtrooms. There were more appropriate ways of dealing with disputes, but it was, however, unacceptable that directors should have no obligation to take due regard to workers interests.

Building society chiefs unlikely to change rates

BY EAMONN FINGLETON

'HE BUILDING Societies Association council is expected o recommend no change in nterest rates at its March neeting today.

Following the gilts boom of ie past three weeks, pressure o the movement to raise its ates subsided. Building society aders believe the present rates ructure—11¾ per cent for most ortgages and 8 per cent for ivings—is right for the foreseeable future.

Last week's one point cut in ank Rate was the confirmation e movement needed that wer short-term interest rates e likely to continue for some ue.

The industry has been cheered a smaller-than-feared drop in net receipts last month. According to estimates by the Nationwide Building Society, the industry's net receipts totalled between £230m and £240m, compared with £289 in January.

The industry needs about £350m a month to satisfy mortgage demand without dipping into reserves of liquid funds.

Mr. Joe Bradley, general manager of the Nationwide, said: "March has begun very well and we are hoping the industry's total net receipts should improve between £300m and £350m.

"We are encouraged by the big inflows of money from small savers... People's real incomes have risen greatly and are still rising but their spending has yet to catch up."

Lords reject council house purchase case

N EIGHT-YEAR legal battle Mr. Robert Gibson for the ght to buy his council house Manchester ended in defeat sterday.

By a unanimous decision, the ouse of Lords held that there as no binding agreement etween Mr. Gibson and Manchester Corporation for the le of his house in Charlestown Road, Blackley.

Mr. Gibson's action was a test ase which will affect the ights of 350 other tenants hose plans to buy their homes ere blocked when Labour took ontrol of the council from the onservatives in 1971.

Mr. Gibson won the first ound of his action at Manchester County Court when a judge uled that he had a binding contract and could buy his house t the 1971 price of £2,180. He lso won by a 2—1 majority in ie Court of Appeal in January ist year.

The council had agreed to ay all the legal costs of the ase as a condition of being llowed to appeal to the Lords. 'LTIB e-u gB crou nd ETA S

Lord Diplock said he could ympathise with Mr. Gibson's isappointment on finding that e would not be able to buy his ouncil house for £2,180.

Lord Edmund-Davies said: "This is indeed a hard case for Mr. Gibson, who had long wanted to buy his house and had every reason to think he would shortly be doing so on distinctly advantageous terms until the corporation's bombshell announcement of their change of policy."

Lord Frasher of Tullybelton, Lord Russell of Killowen and Lord Keith of Kinkel agreed in upholding the corporation's appeal.

Mr. Gibson, aged 66, was employed by Manchester City Corporation for 16 years and had been a tenant since March, 1959.

In his judgment, Lord Diplock said that, in February, 1971, the council wrote to Mr. Gibson stating the price at which "the corporation may be prepared to sell the house to you," and inviting him "to make formal application to buy."

Mr. Gibson accepted, but in May that year control of the council changed and the council house selling scheme was suspended.

Lord Diplock said it was impossible to construe the council's letter as a contractual offer capable of being converted into a legally enforceable open contract by Mr. Gibson's acceptance.

CONTRACTS

Isis Plant places order for compressor units

sis Plant has placed an order alued at over £332,000 with IYDROVANE for the supply of 1 portable compressor units.

★

n order worth over £200,000 as been won by GEO. BRAY ND COMPANY from Super-Ser or the supply of oxygen analyser ilot and main burner injectors, ogether with thermocouples and as valves with flame failure ttachment.

★

ELLIOTT GROUP of Peterorough has received orders orth £190,000 from the Department of the Environment for the onstruction of residential and ffice accommodation at Alderrove, Northern Ireland, and Bath.

★

ontracts worth more than £1.2m ave been won by HADEN OUNG. Largest worth £600,000, s installing air conditioning, eating and ventilation in Strathlyde University's new library in he former Collins publishing ouse in Cathedral Street, Glasow.

★

Two major orders for kiln lant, together worth about 500,000, have been won by DRAYTON KILN COMPANY. A ew 90-metre-long glost muffle iln, together with extensions to an existing biscuit kiln and dryer, have been ordered by H. and R. Johnson (Malaysia) as part of a major expansion programme at the Selangor tile factory. The second order, from Redbank Manufacturing of Measham near Burton-on-Trent, is for two 61-cubic-metre truck-type shuttle kilns.

★

S. WERNICK AND SONS has received orders worth over £120,000 for buildings including classroom units for the London Borough of Hounslow: a maternity ward for the Walsall area health unit; and an 18-bay L-shaped office block for the United Kingdom Atomic Energy Authority's northern division at the Dounreay nuclear establishment in Caithness.

★

HUMPHREYS AND GLASGOW has been awarded a £9m contract by Kodak for a synthetic chemicals plant at Kirkby, Liverpool. In addition to the production building, there are adjoining service and warehouse facilities.

★

The English Industrial Estates Corporation has placed a contract worth about £122,500 for site development works at an advance factory at Auction Mart, Wooler, with J. G. GREEN AND SONS

WORLD TRADE NEWS

Spain leaves OECD pact on shipbuilding credits

BY TERRY DODSWORTH IN PARIS

CHANGES IN the credit system used by the Western world's shipbuilding oations are almost certain to follow Spain's decision to withdraw from the non binding agreement which governs the industry.

Talks at the OECD's shipbuilding working group in Paris hroke up yesterday with an agreement to meet again in about three week's time for a further discussinn of the credit issue. Members are anxious to reach a conclusion because of feers that any further delays may cause the industry's fragile order books to crumhle still further. There is evidence et the moment of sblpowners delaying new contracts in the hope of improved credit conditions.

At the same time, Mr. Albert Gruebel, chairman of the workiog group aod Swiss Ambassador at the OECD, made it clear yesterday that the ship-building countries were hoping to keep Spain within the lines of the understanding. This will occur automatically for the next few weeks, since Spaio is bound by the understanding for a 3-month period after its decision tn resign. But clearly if Spain is to he kept in afterwards the other nations will have to move in the direction it is advocating.

The question is how widespread the support for Spaio's policy of cheaper export credits will he. Although several countries would like to see an easing of the rates applied under the understending—a minimum interest rate of 8 per ceot over seven years on up to 70 per ceot of the vessel's value—others are less certain about the effects of e change on order books.

An alteration is also likely to he costly. Spain, for example, is advocating a 0.5 per cent cut in the minimum interest rete, a rise of 10 per ceot to 80 per cent in the order value which can he covered by a loan and an extension of 1½ years in the repayment period.

Such measures could cause some political embarrassment in countries where credits have to be built into national budgets and come under full public scrutiny—as in Germany, the Netherlands and the UK.

Krupp wins $200m Brazilian contract

By Jonathan Carr in Bonn

KRUPP-KOPPERS OF Essen, part of the diversified Krupp concern, has won an order from Brazil for design and construction of a plant for coal gasification. The total value of the project, in which local Brazilian industry will also have a share, is put at about $200m.

The contract for the plant, to be constructed at San Jeronimo in the state of Rio Grande do Sul, has just beeo signed between Krupp-Koppers and Petrobas, the Brazilian Government-owned oil company.

The object of this particular plant will be to convert bituminous coal with a high ash and sulphur content into gas.

The gasification process being used is the so-called Koppers-Totzek process.

British exporters hit by strength of sterling

BY LORNE BARLING

BRITISH EXPORTERS are seriously concerned about the continuing strength of sterling on their export competitiveness, rating the problem as highly as wage awards in the UK which are outstripping those of foreign competitors.

Although the currency problem is more serious for companies exporting to the U.S. and for internationally price-sensitive sectors such as chemicals and textiles, its long-term implications are worrying.

According to both the Confederation of British Industry and the British Overseas Trade Board, exporters also regard currency instability as damaging to their efforts overseas, although many companies regard it more as an inconvenience.

In manufacturing in general, the concensus was that companies must reconcile themselves to a stronger pound and place more emphasis on quality, design and market suitability in particular.

According to recent surveys, there is no real evidence that currency fluctuations have a damaging effect on capital investment, although the lack of investment is considered to be the cause of Britain's lack of competitiveness in some product areas.

On the other hand, many companies do believe that a stronger, more stable currency will have the effect of holding down wage increases, which in terms of unit labour costs went np by 13 per cent last year—about twice the OECD average.

Japan fails to reach $4bn import target

TOKYO—Japanese imports under an emergency scheme to cut Japan's trade surplus will reach about $2.79bn for fiscal 1978 ending this month, below a target of at least $4bn, International Trade and Industry Ministry officials said.

Emergency imports, financed by low-interest foreign currency loans from the semi-official Export-Import Bank of Japan, totalled $2.2bn at the end of January, they said.

About $590m are expected to be spent by the end of this month on buying aircraft for leasing overseas and ships, they said.

Imports so far implemented included $1bn advance payment for uranium enrichment services, $322m on aircraft for leasing abroad, $262m of ships, $413m of crude oil for stockpiling aboard idle tankers, $85m of pelletised iron ore, $87m of uranium concentrates, and $29m of chrome and nickel.

Reuter

Rapid rise in aircraft sales

By Michael Donne, Aerospace Correspondent

THE WORLD'S airlines are now huyiog new aircraft at a much faster rate than a year ego, despite cnncern over fuel supplies, and rising costs.

Mr. Bruce N. Tnrell, president of Pratt and Whitney, the biggest aero-engine builder in the world, said that orders for the company's engines so far this year were mnre than double those in the same period nf 1978.

Recent major airline decisions in favour of P. and W. engines were those hy Scandinavian Airlines System for its European Airbuses, Japan Air Lines fnr its five recently ordered Boeing 747s

Iran military equipment

BY JAMES BUXTON

IRAN WILL cmtinue to need outside help in servicing the £1.5hn worth of British military equipment it possesses if lt is not to go to waste. International Military Services, the defeoce supply and support company belonging to the Ministry of Defence wihch has been operating in Iran, does not discount the possibility of returning there.

This was stated yesterday by Brig. Douglas Templeton, a director of IMS, at a conference on commercial openings resulting from UK/Middle East defence contracts. Currently IMS has withdrawn its personnel from Iran and, as with other British defence contractors, the future of its contracts ls unclear.

But the revolution in Iran had made IMS looked harder for defence support contracts elsewhere in the Middle East, Africa and Asia, and was not expecting contracts nearly as large es those in Iran. "We are less blasé than we used to be ahout contracts of less than £50m," Brig. Templeton said.

He told the conference, organised by the CBI and the Middle East Association, that too often individual British companies competed with each other for defence contracts in the same country. Other arms exporting companies evoided doing tbis, he said.

Germany leads in machinery exporting

By Guy Hawtin in Frankfurt

WEST GERMANY is the world's leading machinery exporter. Figures for 1977—the latest available—show that the Federal Republic controls 20 per cent of the world's export deliveries.

In second place is the United Staes; its market share standing at just under 18.5 per cent, according to statistics from a study produced by the Verein Deutscher Maschinenbau-Anstalten (VDMA), West Germany's mechenicel engineering trade association.

S. Korea urged to drop subsidies

BY CHARLES SMITH IN SEOUL

SOUTH KOREA was "invited" to subscribe to a proposed GATT code on the phasing out of export subsidies by a high-level mission from the EEC which left Seoul yesterday after a three-day visit.

The mission, led hy Mr. Manfred Caspari, of the Commission's External Relations Directorate, warned South Korean officials thet failure to subscribe to the code could invite retalietory action against South Korean exports from the U.S. A decision to subscribe would involve entering into a commitment to remove existing export subsidies over a period of years.

The Caspari mission received no hint frnm South Korea as to whether or not it would accept these conditinns. South Korea can arguably be said to subsidise most of its exports since export finance is evailable to South Korean companies at rates nf interest far helow normal market levels.

UK in China sugar plant talks

BY TERRY OGG

TOP LEVEL teems from two UK trading groups, Booker McConnell and Tate and Lyle, are currently in China discussing projects aimed at modernising China's sugar industry.

Through a joint venture company, UK Sugar Systems, the two companies will pitch for contracts to huild four sugar factories—two cane and two beet—worth around £40m each, capable nf producing between 4,000 tonnes and 5,000 tonnes of sugar a day. They have also organised a seminar in Canton on new developments in technology for utilising sugar by-products to yield sugar-based chemicals.

The initiative follows a trip by Booker's chairman, Sir George Bishop and the chairman of Tate and Lyle, Earl Jellicoe, to China with Lord Roll's mission in September last yeer.

The Chinese sugar industry is relatively backward. Total consumption ls only 5m tonnes a year which works out at about 4kg of sugar for each Chinese citizen. About 1m tonnes of beet sugar is produced every year aod around 3m tonnes from cane. The remaining 1m tonnes ls imported. It appears the Chinese Government is seeking additional sugar capacity to replace imports and increase the coosumption levels.

The British joint venture faces tough competition for a slice of the potential equipment and technology markets from sugar companies in France, Germany, the U.S. and Japan.

Britain's prospects in China, Page 22

BAT re-opens market

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BRITISH-AMERICAN Tobacco announced yesterday that it was to re-open exports of its international brands of cigarettes to China.

The agreement follows a recent visit to China by a delegation of BAT excutives headed by Mr. Trevor Tice, the group's European co-ordinator.

The deal ls to supply a variety of BAT's International brands from the U.S., Germany, and UK, including BAT's own State Express 555 brand and the Benson and Hedges and John Player brands which it exports for other UK cigarette companies.

BAT emphasised that the agreement was only for "initial quantities" and that it hoped for increased sales in the long term. China was for many years BAT's largest overseas market and the company hopes that this will give it the edge over competition from other manufacturers in capturing the potentially vast Chinese market.

China itself exports substantial quantities of tobacco leaf and it has also asked BAT's technical specialists to advise of developing its production.

Indian fines threat

Indian exporters supplying low-qnality products fece imprisonment and stiff fines, writes K. K. Sharma from New Delhi. This has been decided hy the Government in its hid to improve India's image ehroad and export performance which has been flagging in the past year. The punishment is proposed to he part of the Export Quality Control and Inspection Bill to be introduced to Parliament during its current session. Errant exporters face imprisonment up to three years and a fine of R50,000 (about £3,250).

Textile machinery

Ernest Scragg and Sons, one of the textile machinery divisions of Stone-Platt Industries, has finalised contracts worth £11.4m with a West Europe manufacturer, Colleen Toomey writes. Over the next few months Scragg will hegin delivery of high speed draw-texturing machinery for polyester and fine denier nylon. The company declined to reveal the name of the customer as snpply of the high-production machinery will involve redundancies and re-structuring in the highly-competitive industry.

Plant for Sudan

A contract valued at over £3m for installation at the Maspio Çement plant, Atbara, of a 20 km monocable aerial ropeway has been awarded to British Ropeway Engineering (Capper-Neill Group), of Sevenoaks, Kent, by Sudan's Building Materials and Refractories Corporation. The order, which includes site services for civil engineering, erection and commissioning, is the largest ever placed for a single industrial monocable ropeway.

Big mail users find first-class service adequate or better

BY JOHN LLOYD

LARGE MAIL users consider the postal service "not as bad as public criticism would lead one to suppose," according to a survey published yesterday by the Mail Users' Association.

The association comments that "the report as a whole is by no means unfavourable to the postal business."

However, it said that the Post Office was in danger of having a service that did not measure up to its marketing effort. That, rather than prices, might become "the main stimulus in the search for alternative forms of communication."

More than three quarters of those surveyed said that first-class service was adequate or better, and two-thirds thought the same of the parcels service.

However, more than half the respondents found second-class mail service poor or very poor. Four-fifths opposed replacement of the second-class service by a single delivery staggered throughout the day.

Fewer than half thought that the continued abolition of the Sunday collection had a significant effect on their businesses, down by some 15 per cent from last year.

On price, the survey showed that more than four-fifths of large users thought that a ½p price rise on letters this year was reasonable. Almost as many would consider a 1p rise unreasonable.

The Post Office scored well on "customer relations," with 86 per cent of respondents believing that marketing staff were helpful: up from 68 per cent the previous year.

More than seven-tenths considered postal promotion effective, up from only 43 per cent in the previous year.

Portugal in talks to ease Gatwick congestion

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TALKS BETWEEN the UK and Portuguese Governments on the transfer of Portuguese air services from Heathrow to Gatwick airport were resumed yesterday.

Representatives of both governments and the Portuguese airline, TAP, visited Gatwick yesterday to inspect facilities there.

The UK Government's policy of transferring some passenger traffic from Heathrow to Gatwick, to ease congestion at the former airport, has run into difficulties in recent months, with all the foreign airlines approached adamantly opposing any move.

Talks with the Spanish authorities took place in January, and representatives of the Spanish Government and Iberia Airlines have visited Gatwick, but no decisions have been made.

Office permits decline reflects policy changes

FEWER OFFICE Development Permits were issued in 1977-78 than in the previous year but there was an increase in the gross floor area involved.

The figures reflect changing office development policy and an easing of the restrictions in some areas.

In the 12 months ending March 31 last year 156 permits were issued compared with 232 in the previous year. However, the gross floor area involved increased from 13.7m square feet to 15.5m square feet.

The decrease in the number of permits issued in 1977-78 and the increase in the average size of developments was partly due to the raising of the exemption limit in June 1977 from 15,000 square feet to 30,000 square feet.

The increase in the floor space involved reflects the change in policy to favour the inner areas of London. This was designed to encourage a limited number of speculative office developments contributing to the regeneration of inner London areas.

£12m micro-chip fund for youth programme

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

INDUSTRIAL bodies are to join teachers' unions and local education authority representatives in controlling a £12m programme to develop young people's understanding of microelectronics, the Department of Education and Science announced.

The various bodies will form a committee to manage fund-distribution and staff-appointments for the programme, whose day-to-day operations will be run by an agency based on the Council for Educational Technology.

Report stresses value of 'infill development'

INNER CITY local authorities should take a closer look at the potential for renewed use of old sites by infill developments, said the advisory Environmental Board.

A working party's report, prepared by the Board for the Department of the Environment, stressed the importance of infill development in improving inner city areas and called on local authorities to "treat infill as a subject in its own right."

Promoting education about Europe

MORE THAN 50 educational interest groups—but not industrial representatives — are to form the United Kingdom National Conference for the multi-national Centre for European Education.

The centre, which exists to promote teaching and learning about Europe throughout formal education, has similar national committees in Austria, Belgium, Denmark, France, Ireland, Italy, Luxembourg, the Netherlands, Sweden, Switzerland and West Germany.

Directors' Institute plans General Election lobby

BY LISA WOOD

THE Institute of Directors yesterday released a business leaders' manifesto "calling on the incoming government to act fearlessly against all obstacles to competition." A copy of the booklet will be sent to every candidate in this year's General Election.

Election '79 — The Business Leaders' Manifesto, sets out a six-point plan for reforming industrial relations law, cutting personal tax liability to boost incentive and "rolling back the encroachment of the State on the country's commercial and industrial life."

Mr. Denys Randolph, the Institute's chairman, said this was the first time such an approach had been made by businessmen. The Institute represents 30,000 company directors whose companies employ more than 5m workers.

Mr. Randolph said: "We consider this election will be crucial in determining whether Britain continues to decline and to face rising inflation and unemployment, or whether she has a flourishing industrial and commercial sector which can sustain the rising living standards everyone has come to expect."

The Institute calls on the incoming government to promote a competitive economy by cutting back on State involvement, reduce government interference by strictly limiting legislation, phase out the Price Commission and change the role of the National Enterprise Board, abandon nationalisation policies and break down the existing State monopolies, cut personal taxes so that within a few years the standard rate of income tax is 25 per cent and the top rate 50 per cent.

In its stand on industrial relations, the Institute urges that parties to industrial bargains are held to them and that secret ballots should govern strike decisions.

Mr. Randolph was reluctant to discuss specific industries the Institute would like to see denationalised.

Consumer Council backs Sunday shopping plan

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE NATIONAL Consumer Council yesterday gave its backing to parliamentary moves to change the law on Sunday shop hours in spite of ambiguous market research into shoppers' preferences.

The Council's move comes in advance of next week's House of Lords debate on a Bill to extend Sunday trading throughout the UK.

At present the law allowing certain shops to open for trade on a Sunday is full of anomalies which are "unfair to traders and incomprehensible to consumers," says the council.

"The laws restricting Sunday trading are unnecessary, openly flouted and cannot be properly enforced," claimed Mr. Maurice Healey, head of the council's consumer policy unit yesterday.

The council's view, has however, been weakened by a special poll of nearly 2,000 people—carried out by NOP Market Research — which showed that only 4 per cent of those surveyed wanted all day Sunday trading. But about a fifth of consumers surveyed wanted food and chemists shops to be open.

Aims lists 1,104 concerns involved in State network

BY JAMES McDONALD

A LIST 11 ft long, of 1,104 concerns which the State owns or has a stake in, is published today in a research paper by Aims, the free-enterprise organisation.

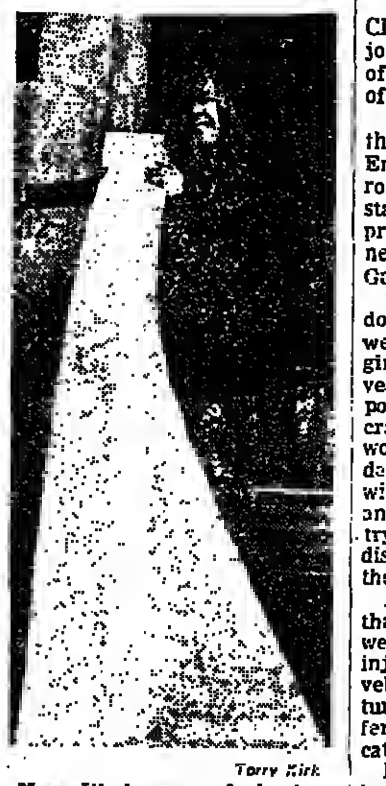
There are at least another 200 more companies which are inactive but still publicly owned, according to Mrs. Susan Warhurst, the author.

The list appears to be exhaustive, naming not only 100 per cent owned organisations but their subsidiaries and ancillary companies and itemising shareholdings.

Enterprises listed include hotels, safari lodges, travel agencies, advertising companies, stevedores, road materials producers, bridge builders, a "cottage trust," a football club, Scout Computer Services, up to British Leyland, and Cable and Wireless.

In a foreword to the booklet Mr. Michael Ivens, the Aims director, writes: "Companies could be driven to the point of collapse and the National Enterprise Board given unlimited funds so that it could take them over.

Still More Galloping Nationalisation. State Interest in British Industry. Published by Aims, 40 Doughty Street, London, WC1. £2.10.



Terry Kirk

Mrs. Warhurst unfurls her list on the steps of the National Enterprise Board

Engineers join row over road conditions

Financial Times Reporter

CIVIL engineers yesterday joined the row over the state of Britain's roads in the wake of the worst winter for 16 years.

Mr. Jack Seeley, chairman of the Federation of Civil Engineering Contractors, said roads had been unable to withstand the snow and ice primarily because of years of neglect by local and central Government authorities.

"Properly maintained roads do not fall apart, whatever the weather," he told civil engineers in the Midlands. "For years we have been telling the politicians that neglected, cracked and potholed roads would suffer very expensive damage if we had a severe winter. Now it has happened and, of course, they are busily trying to pass it off as a natural disaster, completely outside their control."

Although politicians knew that the poor road surfaces, were causing more deaths and injuries and greatly increasing vehicle repair costs, they had turned a blind eye and preferred to support more vote-catching projects, he said.

Mr. Seeley's remarks echoed last month's statements by the British Road Federation and the Automobile Association.

Hospital vote for pay offer

BY OUR LABOUR STAFF

THE EXECUTIVE of the National Union of Public Employees was rebuffed by ancillary staff members at the Westminster Hospital yesterday when a mass meeting voted by a large majority to accept the Government's pay offer.

The decision, by more than 300 domestic workers, porters, cleaners and cooks, brings to an end a work-to-rule for nearly two months in support of the public service unions' pay campaign.

Their union was the only one last Tuesday to recommend rejection of the latest pay offer to hospital ancillary workers, an unpopular decision with the other unions.

Mr. Jamie Morris, the hard-line branch secretary of NUPE who threatened earlier this week to black Mr. David Ennals, Social Services Secretary, as a patient at the hospital, said it was pointless for NUPE members to "go it alone" when the other unions had accepted the 9 per cent offer with 1 "on account" and a comparability study.

A legally enforceable minimum wage of two thirds of average male earnings is sought by a campaign launched yesterday, Wageline.

It is backed by a dozen MPs: Mr. Alan Fisher, NUPE general secretary; Mr. Frank Field, director of the Child Poverty Action Group: the Low Pay Unit; and the general secretaries of the agricultural workers' and bakers' unions.

Its object is to set a minimum wage—at present £60 a week at two-thirds of the national average—which would be above the so-called "poverty line" and which trade unions would have the right to enforce against employers through the courts.

The Council of the Royal College of Nursing at its meeting expressed anger at the Government's pay offer to nurses.

Editorial comment, Page 22

Civil Service discussions

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders met officials of the Civil Service Department to discuss pay yesterday. They received no further clarification of how the Government intends to stage a settlement for 600,000 white-collar civil servants.

The Department of Trade said yesterday that trade figures, due to be published on Wednesday, would not be available because of a strike by Civil Service computer operators at Southend.

Yesterday's meeting was arranged after Lord Peart, Lord Privy Seal, agreed last week to recommend to the Cabinet that civil servants should receive a settlement based on a comparability study within 12 months. Unions estimate that the rises due from the study will average between 26 per cent and 36 per cent.

Although the meeting was intended to work out the financial implications of staging, department officials could not discuss how much would be payable on April 1 this year, whether the new rates would be implemented for pension purposes, the timetable or amount of staging or the effects on the Pay Research Unit study for April, 1980.

5,000 shut GEC plant after death of foreman

THE DEATH of a GEC foreman yesterday closed GEC's Power Engineering Complex, Stafford, when more than 5,000 workers walked out.

Mr. Dick Jenkinson was said to have died after being told to inform colleagues about redundancies. He had already been told that he was to be laid off.

After a mass meeting yesterday it was decided to send a delegation to Sir Arnold Weinstock, chairman of GEC, about the redundancies.

Mr. Jenkinson, 55, had worked for GEC since he was 16. For 20 years he had been a senior foreman. Mr. Brewer said that he walked through the factory just after the news of Mr. Jenkinson's death. "Half the work-force were sitting down crying."

'Crying'

Mr. Jenkinson's body was discovered in a bathroom at his home by his wife Joyce and a neighbour early yesterday.

Mr. Peter Gillibrand, GEC group Press officer in London, said: "The company is deeply sorry to hear of Mr. Jenkinson's death. Mr. Jenkinson was warned on March 1 that he may be made redundant in September.

"As far as I have been able to check this morning, Mr. Jenkinson was not asked to warn anybody else about redundancy.

"Since we made the statement in January saying there would be redundancies in the switchgear factory at Stafford, we have been involved in lengthy talks with employee representatives there to give a very full explanation of our policies and problems."

ANOTHER 95,000 WORKERS JOIN PAY QUEUE

Electricians offered 9% deal

BY PAULINE CLARK, LABOUR STAFF

ANOTHER 9 per cent pay offer was made to a group of public sector workers yesterday at the resumption of pay talks covering some 93,000 manual workers in the electricity supply industry.

Leaders of the four unions in the industry raised a number of objections to the terms of the offer, however, and talks were adjourned for a month to allow more time for both sides to consider their positions.

The unions will probably want to see the results of the miners' pay negotiations before settling on a deal.

Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union and the leading union negotiator, said: "We always look for settlements that are no less than the miners get." In any case, he added, the offer so far was "unacceptable."

Guidelines

He described the offer as conforming with Government guidelines. It ranges from more than 5 per cent (about £3.60) for labourers at the lowest level to about 13 per cent for foremen and others in the top grade.

The average rise, however, would be in line with the miners' latest 9 per cent offer and reinforces the apparent willingness of the Government to allow that level to pass unofficially as a new ceiling for the remainder of this year's wage round.

The employers have refused to grant a 35-hour week—one of the main points in the union's series of demands—but Mr. Chapple made clear that so far there had been no threat of industrial action.

The talks were lobbied by more than 50 shop stewards from power and transmission stations throughout the country, including a delegation from the Yorkshire 'unofficial' shop stewards' committee. Its leaders led the action in 1977 that resulted in nationwide blackouts.

The shop stewards said the main objection was to the small increase for the lowest grade. Average earnings are at present £75 a week at the lowest, £90 for craftsmen and £115 for foremen, although the levels are rather higher for 35,000 workers in the same grades in the Central Electricity Generating Board.

Confidence

Mr. Mick Barwick, one of the leading shop stewards on the Yorkshire committee, said: "We have more confidence in our national officers now than we have had for two years. When the final offer goes to ballot we will accept the results as we did last year."

Last year's phase three pay deal, including a productivity agreement, which is said to have resulted in earnings increases over the year of around 24 per cent, was accepted by only a 500-vote majority.

Gormley orders rethink

BY CHRISTIAN TYLER, LABOUR EDITOR

MR. JOE GORMLEY, president of the National Union of Mineworkers, yesterday sent his national executive away to think again after it became clear that they were not going to support his ideas of how the Coal Board's pay offer should be split.

Many of the 25 members of the executive came mandated by their areas to distribute evenly the £72.5m immediately available, which would have added £6.40 a week to all rates.

Mr. Gormley, clearly still relishing his recent tactical successes, said they should go and consult their areas again. He proposed either £6.93 for all underground workers and £5.40 for surface workers, or £7.55 for higher underground grades, £6.35 for others underground and £5.40 on the surface.

The executive is to meet again today week for a final decision. Mr. Gormley seemed anxious yesterday not to have that decision put out to a pit-head ballot of the members.

Tactics

He let slip his tactics for next week. He will argue that once the executive—including the 10 from the Left who voted against the offer originally—had voted on the distribution, that would mean they had accepted the offer as a whole on behalf of the membership.

He said the £72.5m was worth about 9.5 per cent of new money. In addition, the miners will have their Stage Two pay supplement of £2.50 to £4 a week consolidated into basic rates, will get another £20m next January for "washing and waiting" time, immediate increases in the unsocial hours payment, an improvement to the bonus rates, plus the bigger bonuses that will flow from increased output during the life of the 12 month deal.

The Coal Board, which is also anxious to improve the differentials in the industry, sent the union a detailed set of proposals for consideration yesterday. Mr. Gormley's argument for his scheme was that surface workers can often make up their earnings because of the amount of overtime they do.

Men can retire at 62 in job release move

By Our Labour Editor

THE Government's early retirement "job release" scheme is to change from May 1. Men will be able to retire at 62 instead of 64, and disabled men at 60.

From April 1, the weekly allowance for those taking the option goes up to £40 a week for a married man whose wife earns less than £8.50 a week, and to £31.50 for others.

The eligible age for women remains at 59.

Steel production men's pay talks to resume

BY OUR LABOUR STAFF

PAY TALKS for 90,000 steel production workers resume on Monday. Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said yesterday that at one stage in the talks a "suicidal stoppage" in the industry had been averted only by the self-discipline of the union.

Closure notice for the Bilston steelworks, Staffs., expected to be given at a meeting between the British Steel Corporation and the TUC Steel Committee, was deferred when the meeting was postponed until next week.

Leaders of the confederation will look for further improvements to BSC's offer of increases of 8 per cent, with holiday improvements worth 1 per cent more, when they meet the corporation on Monday.

Mr. Sirs, writing yesterday in his union's journal, said that if the corporation was to consolidate present pay policy supplements into basic rates, which is likely to add 1 per cent to the offer, it would remove an important obstacle to an agreement.

Steelworkers were prepared to forego an increase in real earnings to help toward a 35-hour week in an effort to save jobs.

However, he added: "It would be a complete abdication of responsible collective bargaining if only massive pay claims backed by immediate threats of industrial disruption are seen to be successful.

"There must be an incentive for moderate negotiators if we are to stop the drift to industrial anarchy."

Officials of the Steel Industry Management Association, representing 12,000 managers in the industry, were offered an increase of 8 per cent in talks with the corporation yesterday, in

BL workers end strike

BY PHILIP BASSETT AND ARTHUR SMITH

BL CARS will resume normal production at Triumph, Coventry, on Monday and recall the 3,500 workers laid off.

The move follows an agreement yesterday by 300 machinists to return to work after a week-long strike. The men walked out in protest at company proposals to transfer 32 machinists on a temporary basis from engine production to assembly work.

Unions said the work was not suitable for machinists but have agreed to go back provided management fills the positions by calling for volunteers.

BL shop stewards and union officials will meet next week to review the group's participation scheme, which is one of the main Government hopes for reviving BL Cars' industrial performance.

Lord Scanlon, president of the Confederation of Shipbuilding and Engineering Unions, said yesterday that there had been very severe criticism of the participation scheme within BL, and the meeting next week was aimed at providing concrete evidence of those criticisms.

Managers' body seeks toehold in aerospace

By Alan Pike, Labour Correspondent

THE Engineers and Managers Association, which last month won recognition from British Shipbuilders in spite of fierce opposition from other unions, yesterday announced a move which promises to give it a foothold in the aerospace industry.

Leaders of the non-TUC affiliated British Aerospace Professional Staffs Association (BACSTAFF) have agreed in principle to join the EMA. BACSTAFF members will be balloted on a transfer of engagements in the next few weeks. A "yes" vote means that the amalgamation will take place by July 1.

The EMA procedure recalls the way it entered the shipbuilding industry, through a transfer of engagements with the Shipbuilding and Allied Industries Management Association.

Shipbuilding has one nationwide staff association, but British Aerospace has several. BACSTAFF represents professional staff at the Warton division, Preston.

But Mr. John Lyons, general secretary, said yesterday that he believed other aerospace associations would want to follow BACSTAFF's example "so that the professional and allied staff in the aerospace industry can have a united voice."

The EMA is setting up an aerospace group, in the hope of increasing its membership in the industry.

This bid to enter the aerospace industry guarantees the EMA yet another fight with the Confederation of Shipbuilding and Engineering Unions and particularly TASS, the white-collar section of the Amalgamated Union of Engineering Workers. Although a TUC union, the EMA is not part of the confederation, which opposes the entry of new unions to the engineering and related industries.

EMA morale soared last month when, despite Confederation opposition, it won recognition from British Shipbuilders.

Mr. Lyons said the aerospace breakthrough followed the shipbuilding decision "even more quickly than we had expected." In every leading industry, professional staff are turning to the EMA, he said.

Bid to speed notification of accidents

By Maurice Samuelson

FASTER notification to the Health and Safety Commission of fatal or serious industrial accidents would take place under new draft regulations announced by the commission today.

For the first time, serious and fatal accidents to members of the public caused by work activity would have to be reported to the Health and Safety Executive, the commission's operational arm.

The proposed regulations are intended to simplify existing notification procedure.

Proposals for Notification of Accidents, Dangerous Occurrences and Ill Health Regulations and Guidance Notes, Health and Safety Commission (HMSO), 50p.

Standing commission faces suspicion from Left and Right

BY CHRISTIAN TYLER, LABOUR EDITOR

THE STANDING commission launched by the Prime Minister on Wednesday has been greeted with mute scepticism by the Conservatives and with more local criticism by the Confederation of British Industry.

In spite of Mr. Callaghan's assertion that the body had not been set up merely to clear away present disputes involving manual workers in local authorities, the health service and the universities, the suspicion remains that the Government has bowed to expediency in the knowledge that a General Election is likely to come between today's promise and tomorrow's delivery.

The commission is also vulnerable to Left-wing charges that if, as the Prime Minister says, it will operate indefinitely, then it will inevitably become the embodiment of a permanent incomes policy. Mr. Callaghan almost admitted as much in the House of Commons.

Furthermore, in spite of the Government's apparent wish to produce a fresh-looking committee, untainted by previous pay crises and expensive, ad hoc solutions, it has secured the services of Professor Hugh Clegg of Warwick University, who fell foul of the Heath Government for serving on the last big council manual workers' inquiry in 1970, whose award Mr. Heath considered inflationary.

The other members of the standing commission so far announced are Mr. Harry Urwin, soon to retire as deputy general-secretary of the TGWU, Sir Leslie Williams, former secretary-general of the civil servants' Whitley Council, Mr. Peter Gibson, former BP personnel director, Sir William Ryland, former Post Office chairman, and Professor Joan Mitchell, professor of political economy at Nottingham University.

The Government and the TUC can reasonably claim, however, that the timing of the new committee is mainly accidental. Proposals for a body to keep the public services in touch with private-sector earnings have been about for many months.

Mr. David Basnett, of the General and Municipal Workers' Union, was promoting the idea early last year and the TUC's Congress resolution of last autumn, despite its call for an end to Government interference in wages, pointed in the same direction when it emphasised the need to remove "discrimination" in public sector wages. Still more specific proposals were incorporated in the joint TUC Government statement that foundered just before Christmas.

Even those union leaders, including Mr. Joe Gormley of the mineworkers, hostile to outside agencies becoming involved in their pay bargaining see some necessity for the commission. They, like the Government, do not relish the thought of low paid workers in vital services taking action that harms the public directly.

Talking yesterday about the nurses' threats of industrial action, Mr. Gormley said: "We all stand condemned, in my opinion, for having let it happen."

There is, in other words, considerable acceptance among the free collective bargainers of a cushion of this kind. The TUC itself would like to go further, but has to be careful. The TUC general council has supported the commission, but insists that its future inquiries be conducted with the consent of the unions concerned and that the commission should not supplant existing negotiating machinery.

But when TUC leaders and Government Ministers meet to discuss the commission's future, there will be proposals to develop the machine into something like the Relativities Board proposed by the last Conservative Government.

They will consider whether the commission should be used as a kind of statistical service which would produce bargaining parameters for conventional negotiation, and consider the scope for widening its orbit to include the trading parts of the public sector and even the private sector as well.

Mason sees 'progress'

WHILE THE Cabinet was wrestling with the problem of what to do next over devolution for Scotland and Wales, the Government was being pressed in the Commons to push ahead with devolution for Northern Ireland.

Mr. Roy Mason, Northern Ireland Secretary, admitted that most people wanted devolution but that there is no immediate prospect of a referendum. "The majority of people do want devolution in Northern Ireland," he said. "Parliament must take the decision about a referendum."

Mr. Mason refused a request by Mr. Michael McNair-Wilson (C., Newbury), to publish a brief paper on his recent devolution discussions with the SDLP and Ulster Unionists in Northern Ireland. All he would say was: "There has been political progress."

Mr. Airey Neave, Opposition spokesman on Northern Ireland, said: "There has been little progress for interim devolution." He suggested locally elected councils.

The Rev. Ian Paisley (UU, Antrim N.) retorted: "Most people don't want local government. They want devolved government for Northern Ireland.

Callaghan hedges on plans for Assembly

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT remains committed to some form of devolution despite the failure to achieve the necessary 40 per cent in the Scottish and Welsh referendums last week, the Prime Minister told the Commons yesterday.

He suggested that it may be a few weeks before the Government brings forward the orders annulling the devolution proposals contained in the Scotland and Wales Acts.

"The Government remains committed to a policy of devolution. How it is to be achieved is another matter," declared Mr. Callaghan.

The Cabinet, he said, was giving most earnest consideration as to how devolution could be carried forward in the light of the majority secured in the Scottish referendum.

Once again, the Prime Minister came under heavy pressure from Mrs. Margaret Thatcher, the Conservative leader, the Liberals and the Scottish Nationalists to say clearly what his intentions are.

Mrs. Thatcher reminded him that on TV last week he promised that he would say this week what would happen to the Scottish and Welsh Assemblies if the 40 per cent vote was not reached.

"Here we are in next week," she observed.

"Why does the Prime Minister still shrink from laying the orders and allowing the House to debate them?"

There were jeers from the Conservatives when Mr. Callaghan admitted that at the time of his TV appearance last week he had not realised that the result of the referendum in Scotland would be so close.

"I am bound to say when you have a result that is as close as it was in Scotland there is a serious issue here.

"Our task here is to preserve the unity of the UK and Scotland.

"Although I don't intend to delay unduly on this, neither do I intend to be pushed into action just because Conservative backbenchers are shouting for it."

The argument over devolution had been going on for 10 years and therefore it was not unreasonable to have a few further weeks to consider it.

Mr. David Steel, the Liberal leader, argued that it was important that some form of devolution should remain.

He urged the Prime Minister: "Don't let this matter rest for a few weeks with no statement at all."

In reply, Mr. Callaghan emphasised that there had, in fact, been a majority in favour of Scottish devolution and this had to be taken carefully into account in deciding the best way forward.

"It would be quite irresponsible to go forward at this stage and say that the wishes of the majority are going to be flouted," he said.

Mr. Donald Stewart, the Scottish Nationalist leader, wanted to know why there was any need for further delays when a majority in Scotland had voted "Yes" and the Labour Party was committed to providing Scotland with an Assembly.

Mr. Callaghan told him that Parliament had inserted the 40 per cent provision into the Act and that this had not been secured.

The battle spilled over into questions to Mr. Michael Foot, leader of the House. Mrs. Margaret Bain (SNP, Dunbartonshire E) called for a vote of confidence on the devolution issue.

"Are we to see a continuing lack of commitment from the Labour Party whose inactivity contributed to the low majority?" she asked.

Liberal policy defined

BY OUR LOBBY STAFF

LIBERAL and democrat candidates throughout Europe will be arguing in the coming elections for an increase in the European Parliament's powers over the Community budget and legislations.

In a manifesto published in London yesterday, which will be used by all candidates fighting on either a Liberal or democrat ticket, the group says that the current powers of the European institutions should be redistributed to give a better balance between Parliament, council and commission.

The manifesto does not attempt to give much more than a broad outline of the kind of policies favoured by Liberal candidates.

For the most part, it amounts to a repetition of well established Liberal principals.

It urges the Parliament to regard adoption of a declaration of fundamental rights as a priority and says that Liberal policy in each member country of the community should guarantee traditional rights and freedoms and other basic rights like protection from the mis-use of political and economic power.

It also stresses the need for a common environmental policy and for a regional policy which would provide equal opportunities for all areas.

Pym contemplates 'worst crisis ever'

BY ELINOR GOODMAN, LOBBY STAFF

THE WORLD could be on the brink of the worst crisis ever, Mr. Francis Pym warned in his first major review of foreign affairs since taking over as Shadow Foreign Secretary five months ago.

To avert it, he said, it was essential that Western nations adopted a less insular approach to foreign policy.

At present, he implied, neither Britain nor America was doing enough in several key areas of the world.

Mr. Pym, who has obviously been extremely alarmed by recent events in Southern Africa and the Middle East, called for a new strategic appraisal of the West's approach to the Middle East.

As it was, the West's position had been "suddenly and dramatically exposed." Clearly, the oil flow from that area was a vital Western interest which would have to be safeguarded.

The review, he said, should be carried out in co-operation with Britain's European partners and the U.S. But he warned bleakly that the results might not be very palatable to the West.

Mr. Pym—who seems to have found very few glimmerings of hope on the world scene since taking over last autumn from Mr. John Davies—made it clear that he was far from happy with the approach by the British and American Governments in Southern Africa.

The area was of vital importance as a producer of raw materials for the West. An unsuccessful outcome in Rhodesia, he said, could turn "an already inflammable situation into one of complete anarchy and war" which could be exploited by the Russians.

Yet the policies of Britain and the West towards the Rhodesian crisis over the past 12 months had been "as incomprehensible as they had been maladroit."

Neither was Mr. Pym satisfied with Western reaction to recent developments in China. Already, he said, there were signs that it had been motivated more by the "attractive prospects of economic benefit than by consideration of what is strategically prudent."

Mr. Pym said that the West had brought into question both the meaning and the value of the detente process. Detente meant nothing if Russia, while accepting the benefits of co-operating in Europe, was simultaneously undermining the West's position in Africa.

The underlying theme of Conservative foreign policy, he said, must be the safeguarding of Britain's freedom and that of the whole free world. As Mrs. Thatcher had said, defence was the "overriding duty" of any government.

Next week's agenda

COMMONS

Monday: Second readings of Local Government Grants (Ethnic Groups) Bill and of Local Government Finance Bill.

Tuesday: Debate on the operation of the Courts of Scotland. Opposed private business.

Wednesday: Remaining stages of the Industry Bill. Motions on the European Assembly

Thursday: Consolidated Fund Bill.

Friday: Private Members' motions.

Monday, March 19: Second reading of the Road Traffic (Seat Belts) Bill.

LORDS

Monday: British Railways (Selby) Bill, second reading. National Heritage Fund Bill, report. Hovercraft (Civil Liability) Order. European Communities (Definition of Treaties) Order.

Tuesday: Nurses, Midwives and Health Visitors Bill, committee. Shops (Sunday Trading) Bill, second reading. Short debate on M25.

Wednesday: Debate on standards in secondary education. Licensed Premises (Exclusion of Certain Persons) Bill, second reading.

Thursday: House of Commons (Redistribution of Seats) Bill, third reading. Carriage by Air and by Road Bill, third reading.

Scots move to heal their devolution rifts

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish executive of the Labour Party will attempt this weekend to maintain unity over devolution and avoid a split which could damage the party before the election.

The embarrassing outcome of last week's Scottish referendum has ensured that devolution will dominate the party's annual Scottish conference, which opens in Perth today.

The Labour leadership is anxious to heal the divisions which emerged during the referendum campaign when the unofficial Labour Votes No committee played an important part in defeating official party policy.

The Scottish executive is likely to ask conference to maintain its commitment to set up some form of assembly with limited powers over domestic affairs, but not to insist that the Government tries to force the Scotland Act through Parliament.

To do this, it will have to head off attempts by some unions, including the National Union of Mineworkers, to push through a resolution demanding implementation of the Act.

It will also have to kill any attempt by anti-devolutionists to turn party policy against an Assembly.

The conference will be addressed by two Cabinet Ministers.

Mr. Anthony Wedgwood Benn, the Energy Secretary, will speak today as fraternal delegate from the national executive of the Labour Party, and Mr. Bruce Millan, the Scottish Secretary, will speak tomorrow immediately after the devolution debate.

Brickbats returned

BY ROY HODSON

THE nationalised industries were an easy target for consumer organisations wishing to throw bricks, said yesterday Sir Francis Tombs, chairman of the Electricity Council.

He was speaking at an all-party Commons select committee during a sharp exchange with Mr. Mike Thomas, (Lab., Newcastle-upon-Tyne).

Mr. Thomas repeatedly accused the Electricity Council of trying to delay the effective participation of the Electricity Consumers' Council in the basic decision-making processes of the industry.

The select committee on nationalised industries was hearing evidence from Sir Francis about relations between consumers and the electricity industry.

There was no question of the Electricity Council trying to avoid a closer working relationship with the one-year-old Electricity Consumers' Council, he said.

But it had to be recognised that the Consumers' Council was having to learn about the complex issues of the electricity industry.

The electricity industry has had 30 years' experience with various forms of consumer councils.

"But the new Electricity Consumers' Council has been in existence for only one year

Nurses offer praised

Anyone who suggests that the Government's 9 per cent pay offer to nurses is derisory must have lost touch with reality, the Prime Minister told the Commons yesterday.

He was replying to Mr. Paul Dean (C. N. Somerset), who asked why nurses who would not strike were being offered the same as employees who were prepared to use patients as hostages.

Mr. Dean suggested this was another example where militancy paid and dedication to duty did not.

Mr. Callaghan rejected this as an entirely false conclusion.

Mr. Callaghan added: "I do not think that we should introduce, as a basis for fixing remuneration, the question of whether people default on their duties.

"That should be dealt with by stopping their remuneration when they strike."

The offer made to nurses was worth more than £6 a week to an unqualified nurse, more than £7 a week to a qualified enrolled nurse and between £7 and £8 a week to the next grade.

The nurses were also entitled to go, without any *reservations*, to the new Standing Commission on Pay Comparability.

Mr. Cyril Smith (Lib. Rochdale), urged that pay in the ambulance service should be considered by the commission, on the basis that it was comparable with the police and the fire service.

Mr. Callaghan said it would be entirely wrong for him to make any personal comment on this issue.

"There is really no point in setting-up a commission of this sort and asking me to declare myself on what should be the basis on which their judgements are made."

Tax amnesty denounced

THE Inland Revenue decision to grant a "tax amnesty" to Fleet Street casual workers was denounced in the Commons yesterday as setting up one law for trade unions and another for everyone else.

Mr. Terence Higgins (C Worthing) called for an emergency debate on the decision. But the Speaker rejected Mr. Higgins' request.

"We are talking here of evasion, which is a criminal offence," Mr. Higgins said. The precedent would create dangers and would bring into question the way our tax system operated.

He also attacked the way a union could negotiate a "blanket amnesty" for members, when the matter was that of individual payments.

Earlier the amnesty was attacked by Mr. Nicholas Ridley (C Cirencester and Tewkesbury), the sponsor of a Bill aimed at tackling the same problem.

He claimed the Revenue had asked for the amnesty "with Ministers' connivance . . . just because the Fleet Street workers were members of trade unions."

It broke the tradition whereby all citizens were treated equally and meant the old, the low-paid and others would have to pay more tax.

The Speaker also rejected a call for an emergency debate on industrial action in the National Health Service.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Aid to speech for the handicapped

SPLINK is an artificial word for "Speech Link." It is the name of a new piece of electronic equipment to help bridge the communications gap between the speech-handicapped, the deaf—or those afflicted with both conditions—and their families and friends.

Activated by a microprocessor, it consists of a small keyboard alphabetically printed with the 950 words which, for practical purposes, form the vocabulary of everyday Basic English speech. These words have been selected following an intensive research exercise.

The user has merely to depress the keys carrying the required words and build them into sentences which immediately appear on an ordinary domestic television screen linked to the keyboard via the aerial socket.

Splink can transform the lives of those with speech and hearing problems and since nearly every home has a television set, part of the basic requirement is already to hand.

Invented by Dr. G. T. Hamilton, Splink has been developed with a view to commercial production by Medelec, which manufactures specialised electronic medical equipment—oscilloscopes, electroencephalographs etc.—and is based in Old Woking, Surrey.

Initial letters on the keyboard make it possible to build any word or name desired and some of the keys short-circuit the effort by automatically printing out such basic phrases as "I want a," "Can you tell me?" and "What did you say?"

The user must be literate and be able to call at least one hand into play. A dysphasic stroke sometimes interferes with the patient's ability to read and write—or at least to spell—and in these cases may render the system of limited use. That is why it would be wrong to raise the hopes of all deaf and speech-handicapped people.

Fifty sets now being assembled will be available for further experimentation in May and a commercial version for sale to the public will go into manufacture next autumn.

Ideally it should be available through the National Health Service. But if it is not, relatives and hospital "league of friends" will no doubt raise the necessary funds to enable deserving cases to enjoy its uses.

Medelec, Manor Way, Old Woking, Surrey GU22 9JU Woking (048 62) 70331.

Communication aid for the speech-handicapped and the deaf

Micros made to suit

TAILOR-MADE microprocessor-based monitoring, processing and control systems designed by Asmap Environmental Products, Unit 1, Dodnor Industrial Estate, Newport, Isle of Wight (0983 524393) are intended to make the introduction of computer technology into industry as effective and smooth as possible.

IMAC (industrial monitoring and control) can be applied throughout the marine, oil and general engineering industries for business or technical purposes and makes use of up to 0.5 megabytes of working memory together with 52m bytes of mass storage.

Depending on whether it is data recording, controlling or testing, the system can accept a variety of signal inputs from thermocouples, variable amplitude or frequency sources, encoders, resolvers and will perform any combination of data processing to produce a wide variety of outputs from printing to alarm initiation.

Each system, which has built-in ability to expand to cope with larger applications, is built to each user's specific requirements.

Precision weighing

YET ANOTHER application of the microprocessor makes it possible for an electronic weighing instrument to perform a large number of different functions while remaining simple to use by unskilled operators.

From Setpoint, the 4C120 can be used with all types of strain gauge loadcells and has been designed for virtually any application where precision weighing is needed.

There are standard provisions for push-button zeroing, zero tracking, tare recall, motion detection (the machine waits until the load is completely stationary) and gross/net operation. The unit is equally at home linked to a commercial weighbridge or maintaining process control in a chemical plant.

The operational range is programmable, as are other parameters, by operating switches housed in a pull-out drawer. Once the unit has checked that the programme is correct the operator then has access to a measuring system, reading in grammes or tonnes, which is accurate to one part in 20,000.

Options include interfaces to crt screens, computers and teletypewriters.

More from Ingate Place, London SW8 3NS (01-720 3961).

● SECURITY

Hides the key to the messages

SECURITY of a conventional cryptosystem depends on the keys being kept secret: if either key is known, the other can be deduced and messages read (and forged) at will. Thus in a system where a number of relatively low-security installations transmit confidential information to a secure central installation the system as a whole is only as secure as its weakest point.

BSDES (Business Simulations Data Encryption Software) employs a public-key method of encryption. This means that knowledge of the key used for encoding does not make it possible to decode messages encoded using that key; and knowledge of the decoding key does not allow messages to be forged. Thus, the low-security subsidiary locations need only know their encoding key, while the decoding key is kept secure at the central installation. Anyone wishing to read messages must then penetrate the strongest part of the system and not the weakest. If keys have to be changed, no security at all is needed in the transmission of the new key.

BSDES allows positive authentication of messages. An installation can make its decoding key known so that everyone can read the message its sends; but (since the encoding key is kept secret) it is impossible to forge messages. Both schemes can be combined, so that when A receives a message purporting to come from B, he can be sure that only B could have sent it, and that only A himself can read it.

It can be used to provide "electronic signatures" for messages, so that the recipient of a message can verify that a message carries the sender's signature, but cannot alter the message without invalidating the signature, or construct a valid signature for a changed message. This is impossible with currently-used cryptosystems, but can be done economically with BSDES, without even requiring the message itself to be encoded. Such a signature generation and verification system could be installed on present-day word processors at very little expense.

Tapes containing confidential data could be encoded using a conventional system and a random key, and this key recorded on the tape itself (using BSDES) in such a way that the recipient alone can discover the key and read the tape. Only a few characters need to be encoded using BSDES, and any computer which can handle magnetic tape can handle the necessary calculations. Electronic funds transfer is an example of an application where this could profitably be done.

In applications where a conventional cryptosystem is already being used, the exchange of keys is generally the weak point. BSDES can then be used to encode these keys, and thus enhance the security of the whole transmission process.

Business Simulations, Scriventon House, Speldhurst, Kent TN3 0TU. 089286 3105.

Discourages the villains

OPTIMISATION, which specialises in home and office electronic equipment, is launching two products in the industrial and domestic security markets.

Door Guard, is a door alarm that can be controlled to greet visitors with soft chimes, or deter intruders with a 96dB siren.

The device, about the size of a large pocket calculator, has a 15 digit keyboard. The correct three digit code must be punched on it to prevent the siren sounding, or silence it once it has started. A total of 2,730 combinations are available which the user can change at will.

It can be installed inside any door in minutes and will run for well over a year on one 9V alkaline battery.

Comp-u-lock is a digital door lock that will make fumbling around in the dark with an armful of parcels for a key, or worrying about lost or stolen keys, or having to change locks, things of the past.

To open a door users simply punch out the right four-digit combination on a calculator-sized keyboard that is mounted on the outside door frame — there are over 10,000 combinations to choose from, which can be changed whenever the user wants.

It comes with an easy-to-mount weatherproof keyboard, an electronic door latch that automatically relocks the door when closed, and a transformer for mains operation. Also included is a battery pack to allow the lock to work in the event of a blown fuse or mains failure.

Further details from Optimisation, 45 South Street, Bishops Stortford, Herts. 0279 51247.

Gas rate and leak tests on the Valorflame during pre-production trials.

● HEATING

Flaming gas is efficient

GAS FLAME fires generally have not been sold hitherto by British Gas because of safety factors and extremely low efficiency standards—in many cases 85 per cent of the heat (and gas consumer's money) goes up the chimney.

Now, from Valor, comes the first open, living-flame fire, with a 3kW heat output and satisfactory economic performance.

Valorflame is a copper-hooded fire which incorporates a bed of silica glass tubes, on which rests a display of silica-based coke and logs. Two years of research lie behind the advanced technology used and months of rigid testing at Watson House, the British Gas standards laboratory. Tests for full British Gas approval are now under way.

Compared with an open coal fire the new Valorflame is at least three times more efficient, and by conforming to the rigid requirement of British Standard 5258, it is safer than all other gas log open fires currently sold, designers believe.

Unradiated heat, which would normally rise up the flue, passes into a highly efficient heat exchanger which is situated in the upper section of the fire. It incorporates a bi-flow system to maintain draught balance over a wide range of chimney conditions.

The combustion gases are separated into the chimney and the exchanger convects a large part of the heat content back into the room through the hood grille.

The Valorflame achieves an efficiency of more than 40 per cent at a flue pull of 0.032 inch water gauge.

Total input rating of the fire is 25,000 Btu/hr and is continuously adjustable down to 15,000 Btu/hr. The rotary gas tap combines a piezo-electric ignition generator.

Valor's research into the potential market shows that more than 10m British homes are fitted with a 16-inch standard fireplace opening—the only requirement for the new appliance.

Valor on 021-373 8111.

● METALWORKING

Parts produced precisely

ONE OF the main roles for the latest machine tool to be produced by N. C. Engineering, the Microturn F25 turning centre, is the production of small batches of precision components from bar in diameter up to 25mm.

The machine is stated to achieve high turning accuracies by the use of a sliding headstock and guide bush. A 10-station conical turret set at an angle above the work spindle accommodates the external and internal working tools.

The spindle speed range is from 200 to 7,000 rpm in 20 steps, change of speed being accomplished fully automatically. Spindle drive is by means of a 3.7 kW (5hp) dc motor.

N. C. Engineering is at 26 Benskin Road, Watford, Herts WD1 8NW (Watford 24396).

● CONFERENCES

Filtration forum

FIRST WORLD Filtration Congress was held in Paris nearly five and a half years ago, since which time research, innovation and industrial development of equipment and processes has continued unabated. The second Congress, says the organisers, thus provides the appropriate international forum for a world-ranging educational experience in filtration separation.

This will be held at the Cunard Hotel, Hammersmith, London W6, September 18-20 inclusive, this year.

At the same time, the Filtech/Dustex Exhibition of wet and dry filtration/separation equipment will be taking place at Olympia, close to the Cunard Hotel.

More from the Secretary, 1 Katharine Street, Croydon CR9 1LB (01-686 6359).

High speed shear

FEATURE AT the Metec 79 exhibition in Dusseldorf, June 16-22, will be a new, high-speed shear for operation at mill speeds greater than 70 metres a second (that is, about 40 per cent faster than most other shears) announces Ashlow Steel and Engineering, Alsing Road, Sheffield S9 1HL (0742 449966).

Company claims this to be the first specifically designed shear for on-line operation at the high rolling speeds now common in modern rod mills.

It permits small diameter rods (5-13 mm) to be cut accurately and cleanly to size on-line at the end of the rolling operation, and thus eliminates the need for off-line cutting after manufacture.

Additional scrap chopping version is also available which minimises mill down time by ensuring that cobbles are rapidly and efficiently cleared.

● NORTH SEA OIL

Aids work under water

FORMED TO operate remote controlled submersibles in the Norwegian sector is SUBTEK A/S, joint venture of Sub Sea Surveys of Barrow-in-Furness and Myren Verksted A/S and Simrad A/S of Oslo. Each holding company owns a third share in the newly-formed company which promises to represent a strong combination in sub-sea technology and operation experience.

Submersibles are equipped to perform maintenance work, pipeline surveys, leak detection, surveys of pipeline routes and platform sites, and surveillance during installation.

● AGRICULTURE

Lower cost sprayer

LATEST agricultural spraying equipment from L & K Engineering, Ingham, Lincoln LN1 2XG (052271 601) is the 700M for tractor mounting, offering the larger farm an alternative to more costly self-propelled machines.

With 300 gallon (1,400 litre) capacity, the machine has a 40 ft (12 metre) boom with centre pivot suspension, the height of which is determined by pantograph arms operated from controls in the cab via the tractor hydraulics. The two outer boom sections on each side fold in "gull wing" fashion for transportation; the box section steel frame of the unit has a base which enables the equipment to free-stand when not in use.

The liquid system has a 35 gpm (160 litres/min) pump for filling and spraying, and the maximum application rate is 80 gallons/acre at 4 mph. The single sprayline utilises quick release bayonet nozzles for easy changing and filtration is employed both at the pump and at sprayline.

All the nozzles incorporate non-drip diaphragm check valves and are set at ½ metre intervals.

APPOINTMENTS

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

U.S. $100,000,000 Guaranteed Floating Rete Notes Duo 1994

Citicorp Overseas Finance Corporation Limited

(Incorporated with limited liability in the British Virgin Islands)

Unconditionally guaranteed by

CITICORP

In accordance with the terms and conditions of the abovementioned Notes and the Agency Agreement dated as of March 5, 1979 between Citicorp Overseas Finance Corporation Limited, Citicorp and Citibank, N.A., notice is hereby given that the Rete of Interest for the initial 3 months period has been fixed at 11⅛% per annum and that the interest payable on the relevant Interest Payment Date, namely June 8, 1979, in respect of U.S. $1,000 nominal of the Notes will be U.S. $28.27.

Payment of the first interest payment will be made only through Cedel S.A. and is subject to the special arrangements therefor described in the terms and conditions of the Notes.

March 9, 1979
By: Citibank, N.A., London, Agent Bank CITIBANK

COMPANY NOTICES

PROVINCE OF NEWFOUNDLAND 9¾% 1977/1989
$US 50,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given to Bondholders that, during the twelve-month period ending February 14, 1979, $US 1,200,000 of such Bonds were purchased in satisfaction of the Purchase Fund.

Outstanding amount: $US 48,450,000.
Luxembourg, March 9, 1979.

THE FISCAL AGENT
KREDIETBANK S.A.
S.A. Luxembourgeoise

INTERNATIONAL COMMODITY SHARE FUND
"ICOFUND"
SOCIETE ANONYME
23, Avenue de la Porte-Neuve, Luxembourg. R.C. Luxembourg B 7942

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of the above company will be held at 23, Avenue de la Porte-Neuve, Luxembourg, at 3.00 p.m. on 11th April 1979 with the following agenda: [illegible]

[illegible]

Shareholders are advised that the meeting held on 2nd March 1979 was adjourned for lack of quorum. At the meeting, there will be no quorum requirement. [illegible]

Copies of the circular letter to the shareholders of the company are available on request at the head office of the company, 23, Avenue de la Porte-Neuve, Luxembourg, and at the counters of the undermentioned financial institutions:—
—Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg, Luxembourg.
—Banque de Paris et des Pays-Bas in Paris, Geneva, Brussels, London and Amsterdam.
—Banca Commerciale Italiana: head office and branches.

For and on behalf of ICOFUND
THE BOARD OF DIRECTORS

AMERICAN EXPRESS OVERSEAS FINANCE CORPORATION
NOTICE
To the bearers of US$ 40,000,000 Principal amount of 4½% guaranteed debentures due 1987

[illegible]

ANGLO AMERICAN COAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
EIGHTIETH ANNUAL GENERAL MEETING

For the purpose of determining which shareholders are entitled to vote at the annual general meeting to be held on April 5, 1979 the transfer registers and registers of members will be closed from March 31, 1979 to April 5, 1979, both days inclusive.

By Order of the Board.
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
per: O. J. EUSTACE
Senior Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg.
2001.
London Office:
40 Holborn Viaduct,
EC1P 1AJ.
March 9, 1979

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Thursday, 12th April 1979, for the preparation of warrants for a Final Dividend for the year 1978 of 8.662p per 25p Ordinary Share. If approved at the Annual General Meeting to be held on 17th May, 1979, the dividend will be paid on 22nd May, 1979.

For transferees to receive this dividend, their transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA, not later than 3.00 p.m. on 12th April, 1979.

SHARE WARRANTS TO BEARER

The coupon to be presented for the above dividend will be No. 156 which must be left at Lloyds Bank Limited, 39, Threadneedle Street, London EC2R 8AU, at least five clear days for examination, or may be surrendered through MM. Lazard Frères, Paris.

By Order of the Board.
G. J. OKELL, Secretary.

Shell Centre,
London SE1 7NA.
8th March, 1979.

UKO INTERNATIONAL LIMITED
NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Debenture Interest payment due on 31st March, 1979, is Friday, 16th March, 1979, at 5.30 p.m.

By Order of the Board.
J. F. GITTUS, Secretary.

PERSONAL

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	5.30	16.00
Residential Property	2.30	9.50
Appointments	5.30	16.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Business for Sale/Wanted	6.25	19.00
Education, Motors, Contracts & Tenders, Personal, Gardening	5.00	15.00
Hotels and Travel	3.00	12.00
Book Publishers	—	8.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra
For further details write to:
Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

No. 00694 of 1979
In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of WESTINGHOUSE BRAKE AND SIGNAL COMPANY LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition was on 20th February, 1979, presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the Capital of the above-named Company from £12,000,000 to £1,335,864 by cancelling shares in accordance with the terms of the said Scheme of Arrangement. [illegible]

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London WC2, on Monday the 19th day of March, 1979.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

DATED this 7th day of March, 1979.
ALLEN & OVERY,
9, Cheapside,
London EC2V 6AD.
Solicitors for the above-named Company.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:
No. 00637 of 1979
PARWAY LAND AND INVESTMENTS LIMITED
No. 00640 of 1979
JUMAD CONTRACTS (INTERIORS AND EXHIBITIONS) LIMITED
No. 00641 of 1979
JELLY RECORDS LIMITED
No. 00644 of 1979
MULTILINK LIMITED
and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that petitions for the winding up of the above-named Companies by the High Court of Justice were on the 26th day of February 1979 presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London, WC2R 1LB and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 2nd day of April 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on either of the said Petitions may appear at the time of hearing in person or by his counsel for that purpose; and a copy of the Petition will be furnished to any creditor or contributory of either of the said Companies requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London WC2R 1LB.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of March 1979.

LEGAL NOTICES

No. 00735 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of VALFRESS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of March 1979, presented to the said Court by THEATRE ROYAL, DRURY LANE LIMITED whose registered office is at Cranbourn Mansions, Cranbourn Street, London WC2H 7AG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of April 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

NICHOLSON GRAHAM & JONES,
19/21, Moorgate,
London EC2R 6AU.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of April 1979.

IN THE MATTER OF VERONA FASHIONS LTD.
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

KEITH DAVID GOODMAN, FCA,
of 3/4 Bentinck Street,
London, W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of February, 1979.
KEITH DAVID GOODMAN, FCA,
Liquidator.

IN THE MATTER OF SAREMCHOICE LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 10th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

KEITH DAVID GOODMAN, FCA,
3/4, Bentinck Street,
London, W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of February, 1979.
KEITH DAVID GOODMAN, FCA,
Liquidator.

THE COMPANIES ACTS 1948 TO 1976
FOULIS AND SAXBY ADVERTISING LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at 34 Bentinck Street,
London, W1A 3BA,

on Thursday, the 15th day of March, 1979, at 12 o'clock midday, for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 28th day of February, 1979.
By Order of the Board.
DAVID A. G. FOULIS, Director.

No. 00690 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TWEEDTOWN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 27th day of February, 1979, presented to the said Court by BURMAH OIL TRADING LIMITED, B/O Burmah House, Pipers Way, Swindon, Wiltshire, SN3 1RE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 2nd day of April, 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

Wm. F. PRIOR & CO.,
Temple Bar House,
23/28 Fleet Street,
London, EC4Y 1AA.
Ref: TB/CH222.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of March, 1979.

No. 00723 of 1979
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ARDNTUS INSURANCE BROKERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of March, 1979, presented to the said Court by EDWARD MARSH, of 28, Agate Road, Hammersmith, London, W6, Insurance Broker, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 9th day of April, 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

Wm. F. PRIOR & CO.,
Temple Bar House,
23/28 Fleet Street,
London, EC4Y 1AA.
Ref: JM.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 30th day of March, 1979.

IN THE MATTER OF HORNBIRCH CONSTRUCTION FINISHES LIMITED
AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 13th day of April, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 2nd day of March, 1979.
PHILIP MONJACK, FCA, Liquidator.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF CALDERDALE

£500,000 Bills issued 7th March, 1979, due 6th June, 1979, at 11⅛%. Total applications £3,000,000. £750,000 Bills outstanding.

APPOINTMENTS

Lord Sandon heads NatWest Unit Trust Managers

Lord Sandon, a deputy chairman of National Westminster Bank, has been appointed chairman of NATIONAL WESTMINSTER UNIT TRUST MANAGERS succeeding Mr. R. Leigh-Pemberton, who is retiring from the Board with Sir Francis Sandilands.

★

Mr. David Wickerson has been appointed a director of RICHARDS LONGSTAFF (HOLDINGS) and Richards Longstaff (Insurance). Mr. Nicholas Lund has joined the Board of Richard Longstaff (Insurance) and Mr. David Pryse Lloyd has been made a director of Richards Longstaff Limited.

★

Mr. Peter Brown, managing director of BROWN KNIGHT AND TRUSCOTT, is leaving the company to establish his own sales and marketing consultancy business, PRINT MARKETING SERVICES, at Pembury, Tunbridge Wells.

★

Mr. Adrian Buckley has been appointed director of the KINGSTON REGIONAL MANAGEMENT CENTRE, which is responsible for management education at Kingston Polytechnic. He replaces Mr. John Woolhouse, who has resigned and moved into business consultancy. Mr. Buckley has been treasurer and head of corporate planning for Redland.

★

Mr. Andrew Bathe has been appointed to the Board of THOMSON TRAVEL. He joined the group in 1969 and became managing director of member company Lunn Poly in 1976.

★

Mr. Derk Pely, a vice chairman of Barclays Bank International, has been appointed a director of MERCANTILE CREDIT COMPANY, taking the place of Mr. Stephen Megford, also a vice chairman of Barclays Bank International.

★

Mr. Alexander Houseman has been appointed chairman of the Gauge and Tool Sector Working Party, a new SWP established by the NATIONAL ECONOMIC DEVELOPMENT COUNCIL as part of the industrial strategy. Mr. Houseman has been chairman of W. Canning since 1975.

★

The CIVIL AVIATION AUTHORITY has appointed Mr. James Curie, at present director of telecommunications (air traffic services), to be director-general of telecommunications on the retirement of Mr. Tom McWiggan at the end of May.

★

Mr. E. J. Nieman has been appointed financial director of TEDDINGTON BELLOWS, a subsidiary of United Gas Industries.

★

The following have been appointed vice-presidents at branches of the BANK OF AMERICA NT AND SA: Mr. Theodor Heyermann, Duesseldorf; Mr. Craig Reynolds, head of market advisory services, London; Mr. William Slootweg and Mr. Colin Klipin, Amsterdam.

★

Mr. A. J. Rosenfeld, has been appointed to a deputy secretary post in the DEPARTMENT OF TRANSPORT and continues as the Department's principal finance officer.

★

Mr. K. F. C. Elgar will become company secretary and Mr. L. R. Higgins, chief accountant, of UNITED NEWSPAPERS from May 1 on the retirement of Mr. E. A. Walker from both positions at the end of next month. At the same time Mr. C. S. Johnson will be deputy chief accountant/assistant secretary.

★

Mr. David W. H. Farmer has been appointed an assistant director of STANDARD CHARTERED MERCHANT BANK.

★

Mr. J. R. Wain has been appointed to the newly-created post of sales director of IMI MARSTON RADIATORS and Mr. P. R. Thirkettle has become company secretary following the retirement of Mr. Harold Walker as personnel director and company secretary. Mr. Thirkettle continues as personnel manager.

★

The SWISS VOLKSBANK and the BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG have appointed Mr. Roland E. Stähli as their representative in the UK. Mr. Stanley A. Gunzi, formerly senior representative for the UK, becomes adviser to both banks. Miss Catherine Eckert, who was deputy representative for the UK, has resigned.

★

Sir Richard Bayliss, the Queen's physician, has been elected to the PRIVATE PATIENTS PLAN board. Sir Richard was nominated by the Royal College of Physicians.

★

Mr. Clifford A. Simpson, secretary, Rolls-Royce Motors, diesel division and commercial director, military engine division, and Mr. John Moore, manager, production engineering, Rolls-Royce Motors, car division, are appointed non-executive directors of THOMAS HILL (ROTHERHAM), a subsidiary of Rolls-Royce Motors Holdings, which specialises in the building of industrial shunting locomotives and rail traction equipment.

★

Mr. D. F. Greer and Mr. P. R. Lewis have joined the Board of JAMES BUCHANAN AND COMPANY.

★

ROBERT JENKINS (HOLDINGS) states that Mr. Frank R. Davis has relinquished all appointments with the Group. Mr. A. Robert Jenkins, the chairman, will be acting as an executive chairman, and all Group matters will be dealt with by Mr. Jenkins and Mr. B. V. Thorpe. Mr. M. J. Sitch is appointed managing director of Robert Jenkins and Company and will retain a non-executive seat on the Board of Robert Jenkins Oil and Gas. Mr. G. H. C. Petty has been appointed managing director of Robert Jenkins Oil and Gas, and will retain a non-executive seat on the Robert Jenkins and Company Board. Mr. J. Bower has been appointed a director of Robert Jenkins and Company.

★

Mr. Bryan Basset has been appointed a director of the following CROWN LIFE companies: Crown Life Assurance Company, Crown Life Pensions, and Crown Life Management Services. He is an investment banker and stockbroker, and managing director of Philip Hill Investment Trust Company.

★

Mr. David M. Robertson has been appointed general manager of TURNBULL GIBSON TRAVEL.

FINANCIAL TIMES SURVEY

Friday March 9 1979

Bermuda

Independence from Britain is in the air in Bermuda, a step which a Royal Commission on the 1977 riots said is essential to the island's unity. Meanwhile, life is comfortable and the economy thriving, aided by the lucrative presence of the offshore companies, as David Buchan, the author of this Survey, reports.

Doubts about going it alone

BERMUDA HAS about the same population — 57,000 — as Cheltenham. It even wears a faintly similar air of genteel prosperity. Unlike the English town, though, there is a distinct possibility that Bermuda may become independent from Britain, sometime in the 1980s.

Even those made slightly queasy by the prospect, that is, a few of the island's substantial business community and many British expatriates, regard the move as likely. The opposition Progressive Labour Party has long favoured independence, though with increasing caveats that it should be carefully prepared. While Premier David Gibbons, whose ruling United Bermuda Party sits on the fence on this issue, concedes that independence is "probably inevitable."

But Mr. Gibbons firmly cautions against any conclusions that a majority of Bermudans actually support separation from Britain at the moment. Indeed, he cites a recent poll by his party, canvassing 18,000 of the 26,000 electorate, that showed two-thirds against independence, and not only in White constituencies but also in largely black, pro-PLP areas too. Any number of factors could change this, he says, including, for example, the possible adoption by Britain of a European Community passport. A British passport weighs heavily with Bermudans, who are almost perforce great travellers from their beautiful rocky outcrop in mid-Atlantic.

Most Bermudians, black as well as white, probably do not want the trappings of sovereignty if that bits their pockets hard. They feel, and are, pretty independent from Britain as they are. The majority seem contentedly set in their ways—more than half own their own houses—and want to retain their present prosperity which, at an average of Bda$ 7,500 per head, is just behind some Arab Gulf states and ahead of Britain and the U.S.

On the other hand, a 1977 government estimate put the possible cost of independence, which might involve overseas representation in a few selected capitals, at $1.1-1.9m. Even allowing for inflation, this is by no means out of reach for a country with a consistent balance of payments surplus, a budget presently in balance, and a gross domestic product last year of $505m.

It was also the view of a Royal Commission—composed in majority of Bermudans and which reported last year on the December 1977 riots—that "only with independence can national unity be forged and pride in being Bermudan fully develop."

Given this ambivalence about possible independence, why the apparently growing sentiment that it is inevitable? The first reason seems to be that other micro-states are going independent, so Bermuda presumably will follow suit. The Seychelles (smaller than Bermuda) has: and so have St. Lucia and Dominica (larger, but poorer). The second reason concerns the attitude of the British Government, which made it clear in the wake of the 1977 disturbances that it wants to avoid the political embarrassment of having to send troops to the island again to deal with its internal security problems.

Hamilton, capital of Bermuda

This does not mean Britain is abdicating its responsibility for the island. A British governor, Sir Peter Ramsbotham, is still responsible for external and internal security, and since 1977, the police and Bermuda's part-time army regiment, which come under him, have been strengthened. Nor is there any change in London's policy that Bermuda can have independence whenever a clear majority of Bermudians so wish, and that Britain will seek neither to delay nor accelerate this.

But the unhappy events of December 1977 have borne upon a number of Bermudians the impression that Britain is not entirely happy with the present half-way house relationship, in which it must carry ultimate responsibility for Bermuda without having immediate power there. What happened was that two Blacks were convicted of murder (one of them of killing a British governor in 1973), and were executed, because although Britain has abolished the death penalty, Bermuda has not. Demonstrations with strong racial overtones broke out, and, though many Bermudians claim the whole affair was grossly exaggerated in the international Press, it was felt necessary to call in British troops. In the event, order had been restored by the time they arrived.

A Royal Commission, chaired by a Black British politician, Lord Pitt, was set up to investigate the broader causes of the rioting. It was little surprised that Bermuda's normal tranquility was occasionally shattered, in 1977 and a couple of times in the 1960s, because, it said, the island's political system was run largely by Whites and was often unresponsive to Blacks.

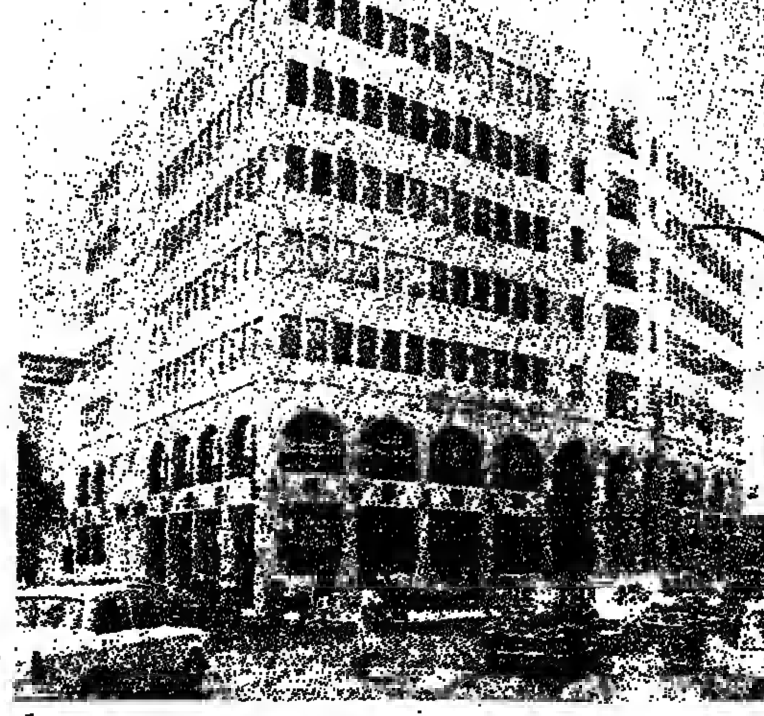
It is true that the conservative United Bermuda Party, which has held power since Bermuda had its first representative self-government in the 1960s, is largely seen as a White party. But about half its Cabinet posts are filled by Blacks (it has fielded a Black premier in this decade), and has consistently won about a quarter of the Black vote. To win, it has had to do so in a country that is more than half Black.

The mildly Left-wing PLP is almost exclusively Black, containing only one White representative among its 15 members in the 40-seat House of Assembly, and so far gaining only a handful of White votes at the polls. The PLP leadership claims this is not because it espouses racially-based policies, but because it champions the relative have-nots in Bermudian society, who usually happen to Black, and because the generally conservative and business-minded Bermudian White is not susceptible to its policy platform.

However, the racial strains should not be overstressed. Bermuda has achieved a remarkable degree of integration, if not in its political system entirely, then certainly in its society at large. Mr. Gibbons says he agrees with the Pitt Commission's conclusion, published in mid-1978, that there was still "explosive material in Bermuda's social structure," but that his government's policies have gone far to dissipate the gunpowder. The two top policy priorities—which the Pitt Commission highlighted—are housing and education, and Mr. Gibbons says he intends to give himself the maximum chance of achieving progress in these two fields by not holding elections until the last possible moment, early summer 1981. His 1979-80 budget, announced last month, while increasing some indirect taxes, also in the name of social justice included concessions to pensioners and small business—a clear step towards the middle ground in Bermudian politics.

Partly at the inspiration of the Pitt Commission, a constitutional conference was held last month—chaired by the governor with the two parties present—on several issues of electoral reform. The results look like at least alleviating the PLP's grievance that the present system is weighted against it on two counts. First, it has complained that the boundaries of Bermuda's two-member constituencies are so arranged as to give the United Bermuda Party an unfair advantage in seats. This was not resolved, but it was agreed that alternative voting systems, including proportional representation, should be decided at the next election, apparently taking the political heat out of this divisive issue for the next year or so.

The PLP has also felt that the present system by which expatriates are given a vote after three years' residence was unfair, because though comprising only 8 per cent of the electorate, they are mostly White and so presumed to give their votes to the UBP. The PLP wants the expatriate vote withdrawn. The UBP, conscious of the slur that its hold on power hangs on non-Bermudian votes, offered to extend the residence qualification to seven years. Though no agreement was struck last month, both parties have agreed to abide by a compromise ruling that British Ministers are due to make in the next month or so.



Banks seek way forward

BERMUDA'S BANKS are small in number (four), but large in assets. The biggest, the Bank of Bermuda, became the country's first billion dollar asset bank at the end of 1978, while earlier last year the island's oldest the Bank of N. T. Butterfield, reported assets of B$570m, and Bermuda Provident bank (part owned by Barclays) $112m, and Bermuda National (40 per cent owned by the bank of Nova Scotia) $152m. And in so small a country, the number is likely to stay at four; a request some years ago to the Government by Citibank to set up a retail banking operation on the island was turned down partly because five was considered a crowd.

But partly due to criticism (voiced by the Pitt commission, but quite convincingly refuted by the banks since) that small businesses, which tend to be black owned or run, found it hard to get loans, the existing quartet is likely to be shortly joined by a hybrid creation, the Small Business Development Corporation. Based on a study of the problem by International Monetary Fund experts, the corporation, funded half by Government and half by the private banks to the total tune of B$500,000, would guarantee loans to small businesses.

Technical advisers to the SBDG will be the Bermudian Monetary Authority, which is staffed by seconded Bank of England officials and acts as Bermuda's embryonic central bank—a parallel which, however, overstates the reality of a very informal relationship between the authority and the commercial banks.

One of the few firm rules the monetary authority has to enforce is the 7 per cent ceiling on loans and deposits. The banks get by under this ceiling, designed as a political measure by the Government, by adding certain once and for all service charges to their loans. Naturally many depositors can get much more abroad on their money than 7 per cent. But one of the few controls in Bermuda's liberal foreign exchange regime is the overseas investment tax paid on the $25,000 a year that each Bermudian is allowed to take out of the country. This helps to equalise the interest differential between Bermuda and the outside world. Last month (February) Mr. Gibbons, presenting his 1979-80 budget, announced a doubling in the tax from 5 to 10 per cent, mainly to raise more revenue, but also to "discourage the flow of funds abroad at time of high international interest rates." Although there has been no perceptible domestic capital flight from the island.

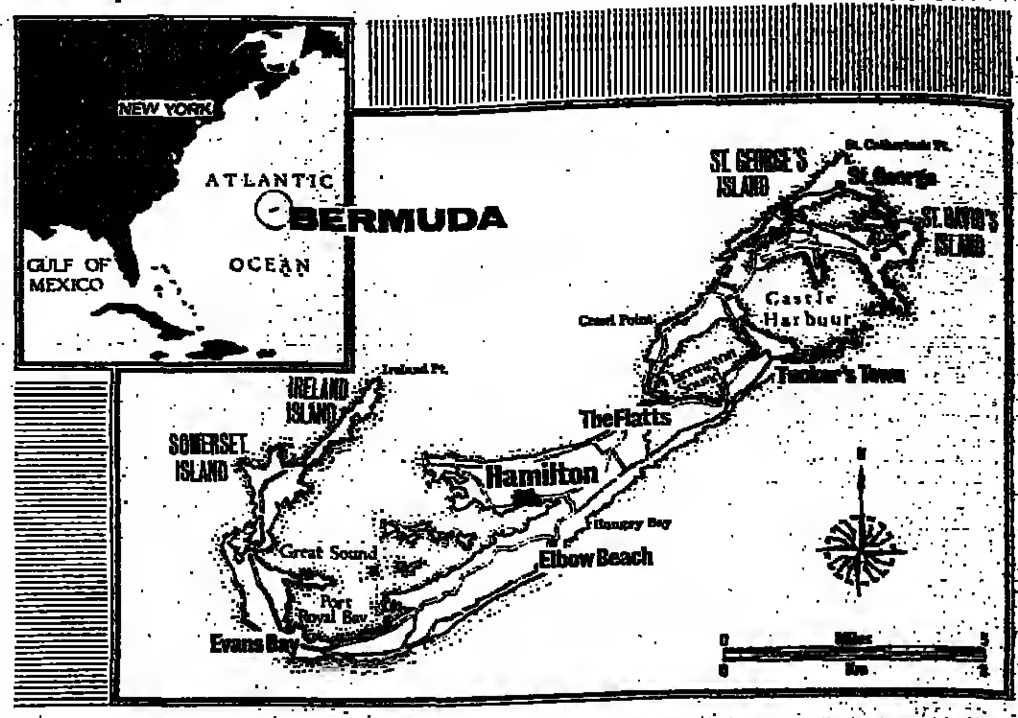
Money has in fact poured into the island through the international companies, but only to go out again on deposit with international banks abroad. The "exempted" companies are prevented from putting their cash into the local economy—nor indeed would they want to at 7 per cent. Only very occasionally, with the express permission of the Monetary Authority which wants to prevent the roaring inflation that such a wholesale influx would bring, is an international company deposit used in the local economy, for instance as a bridging loan.

Foreign currency deposited abroad from all sources within Bermuda, the overwhelming share obviously from the "exempt" companies, totalled a pretty staggering $4bn by the end of 1977—three quarters of it direct by the companies to foreign banks. The quarter, or $1bn, that is placed abroad through the Bermudian banks is what has so swollen the local banks' balance sheets. At the same time, the four local banks' capital is of necessity limited because in line with the law they must be 60 per cent Bermudian-owned; in fact, the big two, Bank of Bermuda and Butterfields, are more than 75 per cent locally owned. While it might appear at first glance that the banks are thus undercapitalised or over trading, Mr. John Keith, formerly a senior NatWest man and now Butterfield's general manager, explains that liabilities are very carefully controlled by matching loans abroad "back to back" with deposits.

For a variety of reasons, the "exempt" companies use the Bermudian banks as well as their Wall Street and Threadneedle Street friends. As Butterfields recently explained, "one snch reason is to locate their legal and sovereign risks in the country of incorporation. For example, Bermuda banks are not exposed to direct foreign governments or jndicial pressure for disclosure or arrestment of funds."

But the very fact that the lion'a share of the "exempted" or international company deposits goes straight to foreign bankers anyway is a prime argument used by the Front Street local banks against letting in the big international banks to do offsbore business from Bermnda. A controversial recommendation of a recent report by a Canadian consultant, Mr. Simon Reisman, was that given a possible fall or a platean in the fortunes of tha local tourist industry, one possible new engine of growth might be offshore banking. Mr. Reisman tempered his recommendation with suggestions that only a select band of eight "blue ribbon" (sic) multinational banks be allowed in, with stipulations that they trade in sums larga enough not to compete too directly with the local banks and that they employ a given number of Bermudians, not just a telex machine and a secretary. But the local banks countered vociferously by saying that the compatition would nearly kill them, would lead inevitably to a great rednction in the retail services they now offer the island's inhabitants, without doing the economy any lasting good and certainly without providing any comparable employment substitute for tourism.

For the moment the controversy has been shelved, with the Government backing off its initial welcome for the Reisman recommendation, in its realisation that the regulation of an offshore banking centre would need a considerably greater apparatus than the monetary authority presently has at its disposal.



BASIC STATISTICS

Area	20.41 sq miles
Population	57,000
Visitors (1977)	572,855
Visitors (1978)	551,466
Trade (1978):	
Imports from UK	£22.2m
Exports to UK	£11.25m
Currency, Bermudian dollar	
	£1=$2.003

Economic ties with the U.S.

BERMUDA IS almost as tied to the U.S. economy as Hawaii or, indeed, Martha's Vineyard. The U.S. dollar circulates freely on the island alongside the Bermudian dollar, while 90 per cent of Bermuda's tourists, —the island's source of "bread and butter"—hail from America.

A good balf of the Island's imports come from the U.S., and a considerahly higher proportion of what Bermuda buys from abroad is invoiced in American currency.

It is therefore with misgivings that Bermudian politicians read about the widely-predicted downturn in the U.S. economy this year.

"We will undoubtedly need to work bard to safeguard and consolidate our present high standard of living," warned Premier David Gibbons in his February budget speech.

Nevertheless, the island weathered remarkably well, the doldrums that followed on the squall of the December 1977 disturbances. The drop in tourist revenue in the first half of 1978 was largely clawed hack in the second half, with the margin made by growth in the international company sector, and the partly-related boom in the building industry.

The Bermudian Government's reckoning is that gross domestic product rose 2 per cent in real terms (8 per cent without taking inflatiou into acconnt) in 1978-79 to reach $505m. Bermuda also continued to run its amall (in the tens of millions of dollars), but happily chronic, balance of payments surplus, with the slack in tourism earnings again taken up by inflows from the international companies established on the island.

Nor will the new budget impinge much on the average islander'a standard of living; at 7,500 per capita it is double that in Britain and one of the highest in the world.

Statistics

What is more, without any direct income tax to pay out, this income is virtually all disposable. Mr. Gibbons bas said his Government plans no radical restructuring of the tax system. Even to the opposition and vaguely left-wing Progressive Labour Party, income tax is not a phrase to be handled about in public.

Mr. Frederick Wade, deputy leader of the PLP and ahadow finance minister—who is said to be on the left of his party—says that while be would favour a move towards more direct taxation and away from indirect taxation, tha issue of income tax needs further study.

Bermuda does have taxes on land, employment and inberitance, and although statistics are woefully lacking, there do not seem to be enormous disparities between incomes (as opposed to accumulated wealth).

Mr. Gibbons' new budget is a pitch for the middle ground. In this, he was undoubtedly spurred by the trouhles in 1977 and lured by the hope of winning over the PLP's political thunder in time for the next general election. Taxes went up on alcohol, tobacco, car licences, and on inheritances, while those for pensioners and small businesses went down. Thus, while public spending was not greatly increased, Mr. Gibbons could claim an emphasis on social justice in his new hudget.

The 1979-80 hudget forecast is for a tiny surplus, compared to a $2.6m shortfall the previous year. But, at the same time, the Premier indicated that his Government's cautiously conservative policy of financing even capital spending out of current revenues might end (with possible long-term borrowing to fund long-term housing projects).

For the future, moderate growth appears to be the watchword—a policy that meets with hroad agreement from both sides of the political fence.

The UBP Government now strictly controls immigration, and one might suppose that a PLP government would be even more stringent. Companies can only advertise vacancies abroad, if they have first canvassed the local job market and failed to find suitable candidates there. The result is that no manual workers are allowed in, although scarce supplies of secretarial and clerical staff are still supplemented from abroad. At the start of the 1970s there were some 10,000 "foreigners" or work permit-bolders on the island, but last year there were less than 5,000.

The Government intention is to bring that number even lower through a stepped-up education effort, aimed specifically at attracting more Bermndians into several important sectors: botels, restanrants, and international bnsiness.

A new department of botel technology is planned for the Bermuda College (the island's sole repository of technical training), and even in the past two years the number of non-Bermudans in the botel aector has decreased by a third.

But also everyone agrees that the tourist industry is close to saturation point; with any further expansion (beyond the modest 10 per cent increase in hotel beds planned by the Government over the next five years) Bermuda would run out of space and services. Nor do many Bermudians, welcoming though they are to tourists, want to be in Mr. Wade's words "just a nation of waiters and taxi-drivers."

The Government plans to teach more Bermudians bow to punch telexes, keep books aod manage offices so that islanders can find more jobs with international companies. Bnt the opportunities are somewhat limited by the fact that these companies will still need to draw on their overseas pareot organisations for specialist skills.

The islanders' job opportunities, however, are likely to be even more slim with foreigo hanks which Bermuda may, in the future, choose to let in. Thus, for the moment, neither the UBP nor the PLP see any political plus in over-riding the loud opposition of local Bermudian banks to developing an offshore banking centre.

With these constraints, the UBP Government bopes in the coming years for a growth rate of about three per cent a year: this figure is calculated at an locrease of 1½ per cant in tonrism, one per cent from international business and the balance from local industry.

A boom in insurance

INSURANCE PREMIUMS handled by Bermuda companies will exceed those generated by Lloyd's of London this year or next, Mr. David Gibbons, the Island's Premier, confidently predicts on the basis of the way events are going in this booming sector. Insurance of all kinds, certainly has provided the leading edge to the growth in international company business.

Bermuda now has about 850 insurance companies, up from just under 700 at the start of 1978. They earn at least $300m in net income it is estimated by Mr. Brian Hall, president of the newly formed Bermnda Association of Insurance Managers, on the nearly $2.4bn in gross premiums passing through their hands. Clearly, somewhere in the wide ocean between the big London and New York markets there is now a new insurance force to be reckoned with.

Like Bermnda's other international companies in other spheres of business, the insurance companies are "exempted" from any Bermudian ownership and tax reqnirements provided they conduct their business off the Island's shores.

The discreet brotherhood that runs the Bermudian insurance network rails against the popular notion of Bermuda as the bome of the "captive" company — the wbolly-owned subsidiary whose sole business is to insure the risks of its, say, American, Canadian or British parent. They argue that this impression quite distorts the present picture in which most nf the Island's companies have widely diversified businesses, aod *gives the wrong idea* that the companies are there primarily for tax reasons.

Nevertheless, it is with tha "captives" that the story starts. The "captive" concept is basically a development of the trend whereby many big companies *particularly in the U.S., decided* that they would be better off assuming their own risks rather than paying outsiders to do so. The snag is that reserves set aside internally for self-insurance are not tax deductible in the U.S. (and that country as the source of over half the world's insurance business is important), while until very recently the U.S. internal revenue service allowed with few restrictions the tax deduction of premiums paid to insurance companias, be they "captive" or not. Establishing a "captive" can lead to savings on premium, instead of having to pay the premium of an ordinary insurance company whicb might reflect the higher risks and losses of other companies. Bermudian insurers insist that the premiums they may receive from parent companies are "realistic" and not over-blown to park tax-free money on the island.

Tax apart, tbe two main reasons why insurance companies have landed in Bermuda are the relative absence of regulation that insurers complain atifles the markets in the bigger markets—and geography. The two main markets that matter to them are on either side of the Atlantic, and with excellent communications to and from the island: "You can spend the morning talking to London and the afternoon to New York."

The significant proliferation of insurance companies in Bermuda really started at the turn of the 1970s, and bas continued without let-up since. The largest number are American-owned, with most of the Fortune 500 represented, but they also include many Canadian and British companies, and companies from almost everywhere else. But perhaps less than balf are any longer "captive" in the pure sense. One catalyst for the American-owned captives to diversify their business was the 1977 ruling by the U.S. Internal Revenue Service that premiums were tax deductible only if paid to bona fide insurance companies and that meant those that took on a significant proportion of outside risks. But, as Mr. Hall points out, this only accelerated an existing trend of the older established captives to use their accumulated reserves and underwriting capacity to branch out into third-party business and conventional reinsurance.

Developments

They began therefore to break back into the onsbore markets, meeting for instance the Lloyd's requirement that a company must have $5m in paid-up capital to participate in one of its pools. The Bermudian companies have begun to join forces to get into the U.S. and U.K. markets, and also very heavily to enter the reinsurance field, an area ideally suited to them and which, on a rough estimate, now accounts for about 75 per cent of the Island'a business.

Primary Insurance, the writing of policies, often demands a lot of staff and administration, and this is still left mainly to the onshore companies, while reinsurance usually requires a few experts, telex and telephone, and the relatively sparse administrative back-up that Bermuda can easily provide.

The growth in the past two years or so has been liability risk cover both for products and for people, the bulk of it stemming from tbe U.S. Only corporations used to be able to take out this sort of insurance, but Bermudian companies *increasingly have* been set up to provide this cover for professional or trade associations, such as those grouping bankers, bospitals (curiously requests by associations of American doctors to form companies was turned down), car rental companies, step ladder manufacturers, paint and varnish makers and, a recent and glamorous arrival, the U.S. National Basketball Association.

Obviously, many of these new arrivals have little more direct physical representation in Bermuda than space in someone else's filiog cabinet (though under the Island's company law they must have resident directors), and increasingly management companies have been set up to direct their business.

The oldest of these is International Risk Management. The second oldest is Mr. Hall's Inter-Ocean Management which, with a mere 42 employees and a computer, manages a clutch of some 98 insurance companies, owned by North American, British, European, and Japanese interests spanning such activities as oil, manufacturing, exploration, construction, shipping and aircraft.

Though these Bermudian companies which Mr. Hall aod bis firm manage are wholly owned subsidiaries, many have since escaped their parents' tutelage in that they now write a sizeable degree of outside business.

"You have failures in tbe insurance iodustry eveo in those countries in which it is heavily regulated," says one Bermudian insurer. That Bermuda has only had one recent failure, the British-owned Mid-Atlantic reinsurance company, is the result of careful vetting by the Registrar of Companies of applicant companies. In this ha is strongly supported by the resident Bermudian industry itself, keen to guard its reputation by welcoming only new "gilt-edged companies with impeccable relatives."

Nevertheless, the local Bermudian industry came to realise that its burgeoning growth made some more formal means of regulation essential, and, largely at its behest, the Government drew up and passed the 1978 Insurance Act. Mr. Shelton Burgess, who, while Company Registrar will also double up as regulator of the new Act, stresses that the new regulations are far from the rate, policy, market conduct restrictions imposed on insurance companies in the big onshore markets.

Mr. Burgess, who is a considerable fan of the cost efficiencies of "captive" and offshore insurance, says the main purpose of Bermuda's new insurance regulations, which will come into effect later this year, is to ensure the solvency of the companies on the island. The guidelines set by the Registrar under the Act say that companies should not be writing business on which the premiums income is more than five times their capital and surplus together.

Two features unique to Bermuda in the insurance legislation, says Mr. David Lines, a Bermudian accountant prominent in the drawing up of the new legislation, are the relatively slender paperwork that companies must submit to the Registrar and the role of the industry advisory committee in relation to the Finance Minister in dealing with any offenders under the Act.

Essentially, the Act involves a characteristically Bermudian form of self-policing, with any defaulting insurers being judged by their peers. Though the new insurance Act is aimed primarily at ensuring the solvency of companies, it does not stipulate, as legislation in many other countries does, specifically what insurers must invest in.

Insurance companies obviously must be able to realise assets to meet claims. But "it would be impudent of the government of Bermuda to tell companies to invest in the mid-Atlantic," Mr. Lines says. The Act requires only that a certain proportion of liabilities must be funded in a broad class of fairly liquid assets.

Growing overseas interests

THE NUMBER of international companies registered "to do business outside Bermuda from a principal place of residence in Bermuda," as the jargon has it, have proliferated like amoeba in recent years: from about 2,500 in 1973 to about 4,500 now.

This sector, which spans almost everything imaginable, but chiefly insurance, shipping, oil-related industries, investment and trading activities, contributes in excess of $50m a year to the local economy—directly in the form of registration fees and indirectly in the amount of services they buy from banks, lawyers and accountants.

These last three professions have grown on the back of the international sector. Greatly to their benefit, the four banks (discussed elsewhere in this survey) have raked in deposits from the international companies. Two large law firms—Conyers Dill and Pearman, and Appleby Spurling and Kempe—have shared a virtual duopoly on legal work for the international companies, but conscious that the "cake" of available work just keeps growing, have been holding seminars recently to explain the whys and wherefores of international commercial work to their smaller legal brethren in Bermuda.

The Bermnda Institute of Chartered Accountants has about 200 members, many of them representing or affiliated to tha big international audit firms, and for post-war historical reasons, is a full member of the Canadian Accountants Institute, which Bermuda treated for this purpose just as if it were a province of Canada. In Bermuda's close-knit society, one finds that these professions tightly interlock, all sitting on each other's boards, in a way that might be frowned on in a larger country, but is probably necessary given the relative shortage of qualified personnel on a small island.

By international companies is meant those *"exempted" from* the ownership law requiring domestic companies to be 60 per cent held in Bermudian hands, and from any local taxes. Currently this tax exemption extends to the year 2006. Of course, the companies still have to pay Bda.$ 1,500 registration fee.

Nothing jars on the Bermudian business community so much as an outsider referring to their island as a tax haven. Though stopping well short of keelhauling the offender for this solecism, tha Chamber of Commerce and Bermnda International Business Association insist that Bermuda never set out to be a tax haven, but simply for historical reasons (so far) has never had an income tax.

Clearly Bermuda has its tax advantages and breaks. But directors of the international companies stress that though tax issues may have brought some of them to the island in the first place, it is now rarely the chief consideration that keeps them there. For one thing, tax rules elsewhere have been tightened: in the U.S. with the 1976 Tax Reform Act, and in Britain with the introduction of Capital Transfer Tax and, of course, the contraction of the sterling area in 1972 to exclude Bermuda and other outlying British dependencies.

Dubious operations, it is emphasised, would be much better in the Bahamas or the Caymans to the south where, for example, companies are rarely obliged to disclose who owns them. While in Bermuda, permission is needed under the exchange controls administered by the Monetary Authority for any transfer of shares in a Bermudian registered "exempted" company. The aim is to ensure that a new company, however respectable it may have seemed to pass Bermuda's tight vetting system on new registrations is not just a "front" for less desirable elements.

Nervous

The international business community tends to be nervous about its rising profile on so small an island — and the criticism made of that from time to time. They feel reassured by the continued presence of Mr. Gibbons' UBP party in power, but are a little chary of the prospect of tha opposition PLP party winning a general election. Independence is anothar issue that causes disquiet in a few quarters, particularly among some U.S. parent companies (of Bermudian subsidiaries) which have so often had their fingers burnt in newly independent states.

But tbe companies themselves feel they have no reasoo to be coy about the benefits they bring to the local economy. Tha fact that only about 130 companies — many of which, of course, managa other companiea — employ people on the island, is held to be a positive factor given the country's limited supply of labour.

True, many of Bermuda's 5,000 expatriates or work permit holders, a section of tbe population that bas been the subject of some local political controversy, work in the international company sector. But the companies are also being increasingly Bermudianised—employing at the last count 852 Bermudians in jobs hotb higher paying and more skilled than anything in the hotel and restaurant trade.

The companies also say they are sending more and more "career" Bermudians to parent companies for further training and experience. Anxious to feel that they are not just on the island on sufferance, the companies bave also begun to chip in with scholarships to aend Bermudian students abroad for higher education.

Nor are all the companies that small. American International Reinsurance, admittedly just about the oldest and biggest, employs more than 150 people. A recent real estate survey done by the international companies division of the Chamber of Commerce of 83 members, showed that they occupied 235,000 square feet of office space with an estimate that an extra 130,000 square feet would be needed over the next five years.

So far, good though not cheap office space bas been easy enough to find, and this along with the other advantages of good telex and telephone communications (direct dial to North America and Britain), good secretarial support, liberal foreign exchange rules, is why Bermuda keeps attracting new companies.

Nevertheless the companies say Bermuda is expensive. A two-bedroom house may cost $800 to rent, and a secretarial office manager may get at least $25,000, and the companies say that should political or economic factors change this cosy anvironment, they would not hesitate to go elsewbere.

Insurance companies (also featured on this page) are by far tbe biggest single sector—850 of them—in tha area of international companies. But also worthy of mention is the second largest area, shipping. Bermuda has a long-established shipping register, which brings in a relatively paltry direct benefit in the form of something under $1m in registration fees but, rather more important, leads shipping lines to set up a company on the island to manage their Bermudian-registered ships. On tbe current register are 290 vessels (only some of them commercial) totalling 1.9m gross tonnes, with the biggest fleet haing the 28 ships owned and run from Bermuda by Canadian Pacific Shipping.

The register has grown only slowly. The nnmber of ships on it rose last year by 8 per cent, but the tonnage they represented fell slightly, partly because a gain in bulk carriers did not offset the departure of some tankers. Mr. John Plowman, Bermuda's Minister for Air and Shipping, explains this is partly because the island demands a high standard of ships and crews and regards the label of flag of convenience as quite inappropriate—mirroring the complaint about tbe term "tax haven." And indeed, Bermudian ships, as those registered in a UK colony, fly the red ensign and are subject to the Imperial Merchant Shipping Act of 1894.

There lies the rub. British law requires that the ships' senior officers be British-qualified, an obvious restraint on Bermnda which would like to attract many of the good non-British shipping lines and crews to its register. Mr. Plowman says that in his talks with the British Government he was surprised, and dismayed, to find that there are no interchangeable qualifications in the nautical world. Nor is he optimistic that the British Government and Seamen's Union, concerned about Britain's employment, will agree to relax this manning requirement.

Big money from tourism

BERMUDA IS considering joining the modern world: its hotel industry is at last contemplating accepting credit cards.

Until recently it had been the Bermudian hoteliers boast that only China and the mid-Atlantic British colony had held out against what is termed "the plastic." Now it appears that Peking is offering American Express a toehold, and Bermudians, too, are rethinking their traditional opposition to credit cards. This opposition was partly based on economic grounds (payment charges to credit card companies are passed on to customers in marginally higher prices), but also on the sentiment that it was a slightly *infra dig* form of commercialism.

This touch of old-world stuffiness has been much-diluted in recent years, but tourists seeking racy night-spots may still be encouraged to look to Miami and the Caribbean. The island's traditional charm is soundly based today on extensive tourist facilities: half a dozen top-line hotels, nine golf courses, and even 100 tennis courts (Bermuda claims to have been the site of the first tennis played in the western hemisphere). All of this packed into 20 square miles, with many more miles of surrounding coral reef and beaches, with the bonus of cerulean skies and balmy weather for most of the year.

Tonrism is by far the biggest prop in the Bermudian economy: it is also the country's largest employer and accounts for some 70 per cent of all foreign exchange earnings. According to the latest figures available, the tourist industry put $230m into the economy in 1977 — and, of this, $218m was from regular tourists, with the balance being cash spent by visitors who "stop off" from cruise ships which ply the island's harbours in summer.

The investment stake in the island's hotels is commensurately as large. The 60 per cent Bermudian ownership rule is relaxed for the hotel sector because there simply is not, or was not, sufficient local funds to build projects such as the Southampton Princess (Bermnda's most luxurious hotel, owned by the American millionaire, D. K. Ludwig). Built at a cost of $45m, this works out at about $65,000 per room.

There is, however, a Government rule that hotels of less than 50 beds should be Bermudian-owned.

It was thus with some trepidation that Bermuda's tourist industry awaited the effects of the December, 1977, disturbances. And, inevitably, the number of regular tourists in the first five months of 1978 dipped nearly 15 per cent compared with the same period in the previous year.

But much of that decline, according to Mr. Jim Woolridge, the tourism Minister, was made good with an extra burst of advertising and tourism promotion so that 1978 ended with only a 3.7 per cent decline on the previous year in the total number of visitors. Disappointing perhaps, but far from catastrophic, although hotel occupancy rates sank to less than 64 per cent averaged over the whole year.

Mr. Lyndon Clay, the hotel association president, comments that the omens for this year are good. The target is to bring the hotel occupancy rate back up to 75 per cent—and thereby push the hotels firmly back into the black.

America

No sector of the Bermudian economy is more intimately linked with America than tourism. The overwhelming majority of visitors to Bermuda last year were Americans (486,752). This is another reason why any mild recession in the U.S. economy could give Bermuda a nasty chill.

"We still recognise that our main catchment area remains the 100m people who live on, or near, America's east coast," comments Mr. Woolridge. Even so, he and his department are now trying to woo visitors from farther afield—partly by stretching their promotional efforts to Texas and the west and Pacific states of the U.S., but also more to Europe.

The target in Europe is not Britain—which Bermudians still stoutly refuse to think of being really part of Europe—but the Continent itself, from where a mere 5,000 visitors came to Bermuda last year (a quarter of the number of British tourists in 1978). The largest continental European contingent was from West Germany—a market which Bermuda believes should be further tapped, since the Germans are rich and, with a strong currency, can easily afford the air fare. This squares with the Bermudian Government's profile of its ideal tourist as a well-heeled professional with an annual income of $25,000, who can thus cope with some of the island's pricier hotel rates.

Second, the farther tourists travel, the longer they tend to stay on holidays. Americans, for instance, spend on average less than a week on the island; Canadians a little longer. Britons tend to stay 12-13 days to justify their holiday air fares.

Bermuda is for the first time on this year's main West German holiday listings, and Bermuda tourist officials, now working on their German phrases, plan to be represented in at least one German travel fair later this year.

Moves

The word *angst* is also a little better understood in Bermuda because of certain recent moves by the U.S. Civil Aeronautics Board to encourage U.S. airlines to take up a host of the domestic routes they have been awarded but never serviced—or else see them go to competitors. The CAB ruling, taken in the name of de-regulation, has meant that three airlines that fly to Bermuda from the U.S.—American, Eastern and Delta—have little or no extra aircraft to put on additional flights at peak holiday times.

It is hoped, however, that once the scramble for U.S. domestic routes has settled down, and the aircraft on order are delivered to U.S. airlines, then this situation will ease.

Bermuda wants as much air traffic as it can handle—and there is now a Government plan to put its air terminal under a statutory airport authority, and also to spend some $10-12m in the next few years to expand it.

Bermuda also won a valuable concession in the U.S.-UK bilateral air agreement that bears the island's name: Bermuda II, signed in mid-1977. It successfully resisted the mother country's insistence that only one U.S. airline be designated to fly to a "British" destination from any one U.S. city. The colony kept its three American carriers.

The CAB is not all bad news for Bermuda. Charters have long been a staple of the island tourist business, and Bermuda has enthusiastically accepted the CAB's concept of "public charters," which not only relaxed previous requirements of advance booking and payment, but also virtually removes the old affinity criterion for charters, such as (notionally) members of a group must all be left-handed, red-haired giants to qualify for charter rates. The hope is that this will attract business from the many American cities with no scheduled non-stop flights to the island.

For its part, Bermuda — or rather its hotel association — relaxed its previous curbs on negotiated rates and block bookings last year that made at least some European travel agents hesitant to drum up group business for the island.

Eschew

Bermuda is, in a sense, in the happy position of not having an airline of its own to protect from outside competition. There is a Bermudian-owned freight airline (assets include one plane) — but, in the view of the Tourism Minister, if or when Bermuda becomes independent, a national airline will be one of the traditional trappings of sovereignty that the island would be well-advised to eschew.

Mr. Woolridge points out that marketing costs, as well as those of crews and buying or leasing planes would put such a venture out of the island's price range.

Another five years will see the peak of Bermuda's tourist industry. This is the firm view of the Government (and, indeed, the industry itself) which has just given the go-ahead to the building of one new 350-bed hotel and the addition of an extra 750 beds in existing hotels and guest houses.

This decision, cautiously weighed during the 1973-78 ban on new hotel building, will bring the number of beds to over 10,000.

That new level, on a densely populated island with more than 3,000 inhabitants per square mile, is considered to be saturation point, without putting unacceptable strains on the country's limited supplies of land, labour and transport and, equally important, without harming its tourist amenities.

Above: One of the island's many hotels—the Coral Island at Flatt's Village
Below: Jobson's Cove is typical of the sheltered beaches ringing the coast

A handy way of sight-seeing is by rented motorcycle

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

David Lascelles on the tobacco company that took a successful plunge into beer and soft drinks

Philip Morris gallops to the top

FEW companies manage to notch up 25 consecutive years of uninterrupted profits growth. The latest to join the select few is Philip Morris, the cigarettes and drinks giant whose 1978 earnings rose a further 22 per cent to just over $400m. Not bad for a company that started out over 100 years ago as a small shop in London's Bond Street.

How does it do it? "Charm, intelligence, wit," quips George Weissman, the company's new chairman, who lacks none of those qualities himself. "And a bit of luck," he adds with a twinkle.

Mr. Weissman took over last November from Joseph Cullman, whose bold leadership earned him 56 consecutive increases in quarterly earnings, ranking him number three in U.S. corporate history. (The two above him were John Connelly of Crown Cork and Harold Geneen of ITT.) But Mr. Weissman is not a newcomer to Philip Morris.

A former journalist, he joined the company back in 1952, and today looks quite at home in the chief executive's office above New York's Park Avenue, surrounded by the artifacts of his trade: everything from a hookah to a Picasso portrait entitled "The Smoker."

His style is so relaxed that it belies the boldness and sheer money power for which Philip Morris is renowned in a business where profits can be paper thin, and where the latest cancer scare can wreak as much damage as a major economic recession.

Despite its long history—the original Bond Street shop set up a New York agency in 1902 and this was transformed in 1919 by a group of U.S. investors into a limited company incorporated in Virginia—Philip Morris's real achievements have only come in the last ten years. Since 1968 revenues have risen sixfold (against less than threefold in the previous ten years), and profits eightfold (twofold). In that time, Philip Morris turned its Marlboro brand into the world's best-selling cigarette, pushed the once ailing Miller brewery which it bought in 1970 into the no. 2 position on the U.S. domestic market, and made a successful $517m bid for Seven Up, the world's leading non-cola soft drink.

Powering this rise was a corporate strategy, as Mr. Weissman puts it, to "tune into the generations to come" and serve them up with the low-cost pleasures of life. And since Philip Morris was pulling itself up from bottom position in the big six league of U.S. tobacco companies, it "had to do things a bit differently—in an offbeat way."

Rugged image

One of Philip Morris's biggest, and earliest, breaks with tradition, was the decision, in the mid-1960s, to market Marlboro using the now-famous rugged cowboy image. Before then, cigarettes were marketed as a high-class product, with aristocrats lighting up in stately homes, or film stars puffing in nightclubs.

Says Mr. Weissman, "It was a gamble. But we chose the cowboy hecause he is close to the earth. He's an authentic American hero. Probably the only one. And it worked. Marlboro hit the right note."

Another gamble was the decision in the early 1970s to build a $250m cigarette-making plant in Virginia—just as others were cutting back—out of a conviction that Philip Morris could continue to increase its market share. The company also claims to be among the pioneers of innovations like recessed filters, extra long 100's, and cigarettes aimed specifically at the female market.

Last year it expanded its foreign cigarette business with the purchase from Liggetts of its overseas business for $108m, including the well-known Chesterfield brand name. Liggetts, which had sunk to occupy Philip Morris's erstwhile number 6 position in the industry, was in the process of pulling out of the tobacco business altogether, and Philip Morris might have contemplated buying its domestic operations as well, were it not for the anti-trust obstacles.

Philip Morris now claims to have 28 per cent of the U.S. cigarette market, and 5.5 per cent of the market overseas. In both cases, this is about double its market share ten years ago.

A similar boldness marks Philip Morris's approach to brewing. The first thing it did after acquiring Miller was to announce a $25m investment plan in new and expanded plant. "People thought we were nutty," said Mr. Weissman. "But the new plants made better beer and more of it." Again, the gamble paid off.

REMARKABLE GROWTH
($M.)

	1974	1975	1976	1977	1978
Operating Revenues	3,011	3,642	4,294	5,202	6,632
—Tobacco	2,326	2,704	2,987	3,493	4,231
—Beer	404	658	983	1,328	1,834
—Other products	281	280	324	381	567*
Gross Profit	379	449	620	770	957
—Tobacco	355	426	516	615	751
—Beer	6	28	76	106	150
—Other products	18	15	28	49	56
Net Earnings	176	212	264	335	409

* Seven Up results were consolidated only as from June 1 1978. Revenues for the whole of last year were $300.5m, and income $45.7m.

Better beer

Today, Miller is the second largest brewer in the U.S. behind Anheuser Busch with 19 per cent of the market, having edged one of the grandest names in U.S. brewing, Schlitz, into third place. Some industry analysts believe Miller is even headed for the top spot by the early 1980s, by which time it could occupy nearly 30 per cent of the market. The most frequently cited reason is the brilliance of Philip Morris's marketing, which does not include price-cutting: Miller is highly profitable as well as fast-selling.

Mr. Weissman attributes this to his company's skill at understanding market trends, and in creating new demand and then meeting it, like the recent shift to low calorie beer which Miller brews under the Lite label. Miller has also made inroads into the quality "imported" beer market by brewing Lowenbrau under German licence.

Then, exactly a year ago, Philip Morris launched its bid for Seven-Up, figuring that it had the expertise in beverages, mass manufacturing, marketing and packaging to make a success of the soft drink company whose market share had begun to slip. But most important, Mr. Weissman says, Seven-Up was in a vast market which would give Philip Morris room to grow.

"It's not enough just to have the skills," he said. "You've got to ask yourself whether the market is profitable enough, and big enough for expansion."

Seven-Up also had an excellent brand name and Philip Morris hopes to be able to double sales over the next five years or so. Analysts believe plans could include a cola, enabling Philip Morris to tackle the giants head-on.

In all these cases, a key feature was heavy advertising — in Miller's case on a scale virtually unprecedented in the industry. Like the Marlboro cowboy, the pitch tends to be unusual and eye-catching. Miller's Lite is promoted humorously on TV by well-known sportsmen. In one of the most popular ads, the proprietor and (now ex-) coach of the New York Yankees baseball team argued whether Lite beer is good because it tastes better or is less filling. A row boils up and ends with the proprietor firing the coach (a denouement which was ironically later borne out in real life — at about the time the ad first appeared).

Mr. Weissman stresses two other aspects of Philip Morris corporate strategy. The company has built up what he calls a "good core of young executives," trained as generalists to fill virtually any management position in the company. Philip Morris also emphasises quality control: about 25 per cent of the workforce is connected in some way with ensuring that its products live up to its standards.

Tight control

Philip Morris has a reputation for taking tight control of newly acquired companies. At Miller Brewing, many of the existing management left of their own accord, and Philip Morris was able to take over without too much bloodshed. At Seven-Up, which was largely controlled by a single family, the patriarch retired after the takeover, but it is still too early to say how old and new management are settling down together.

As for the future, Philip Morris has just announced a $3bn five-year investment programme to expand and improve production of all three of its main lines of business, cigarettes, beer and soft drinks, but primarily Millers. It seems unlikely, though, that the company will return to the take-over trail at least until it has had time to digest its recent acquisitions.

If a likely purchase emerged in one of its existing fields, Philip Morris might consider a takeover, though it has now reached the size where any expansion of its current business by acquisition would run into anti-trust problems.

And what about that unbroken profit record? "We expect to maintain our growth rates," said Mr. Weissman, a conclusion with which few analysts disagree, given Philip Morris's remarkable record, the strength of its marketing and the efficiency of its operations.

Robert Cummins, food, beverage and tobacco analyst at Loeb Rhoades Hornblower, describes Philip Morris as "one of the premier growth companies of America, and one whose earnings gains over the past decade have averaged 19 per cent a year, a trend that we expect will continue."

How business graduates fare around the world

BY JASON CRISP

A CONUNDRUM. Take the following countries: Australia, Belgium, France, Holland, Japan, Switzerland, UK and the U.S. Now, what is the connection, if any, between the following? Britain has the worst economic performance. Britain has the highest proportion of business graduates of any country in Europe. Indeed, the British Master of Business Administration (MBA) is probably the most professionally qualified in the world. Yet the business graduate working in the UK is, by a significant margin, the worst paid.

If you know the answer you might tell Egon Zehnder International, the management consultancy—best known for its activities in executive search—which published this week what must be the most comprehensive study of business graduates around the world. Over 4,000 MBAs replied to its 50 question survey—a surprising response rate of 30 per cent. Of these 17 per cent were chief executives, 9 per cent executive directors and 15 per cent divisional managers.

One factor which may shine a little light on that conundrum is where these highly qualified business graduates end up working. In most of the nine countries which Egon Zehnder analysed in detail more went into banking than any other industrial sector, and this was usually followed by management consultancy. In the UK, for instance, 13 per cent of the MBAs went into banking and 10 per cent into management consultancy. In the U.S. those figures are 13 and 9 per cent respectively.

Within the various sectors of manufacturing there is a tendency in most countries for business graduate managers to work in chemicals or food, drink and tobacco. In the UK, however, 10 per cent of MBAs worked in mechanical engineering.

Not only do MBAs tend to steer away from what might be called the dirtier industries, they show a similar tendency in the jobs they perform within their companies. In almost every country at least one in four was working on the finance and control side, and in most countries over 20 per cent were working in marketing. Only a few were to be found in such areas as production and manufacturing, or personnel and labour relations.

The perennial complaint by British managers that they are not paid as well as their colleagues in other countries is amply demonstrated by this survey, though it does not take into account the effect of taxation, or the varying costs of living. But for all age groups the MBA in the UK has a dramatically lower salary than his counterparts in Europe, Japan and the U.S.

For instance the median salary range for the British business graduate aged between 30 and 34 is £9,700-£11,100 while in France it is £18,100-£19,400. The most extreme example is Switzerland, where the equivalent executive earns nearly £20,000, although if cost of living was taken into account the comparison would obviously be less dramatic.

The survey also looked at "additional benefits," or perks, where UK managers might have been expected, by reputation at least, to have made up ground on their colleagues overseas. But according to this survey British perks are on a par with those received in other countries except Australia, where the figures would appear to be about double those elsewhere. In Britain the executives questioned in the 40 to 44 age range reported receiving additional benefits worth between £2,700-£5,500.

British graduates working in the UK who have been to American or European business schools appear to fare markedly better than those who have been to one in the UK itself. Throughout their careers graduates from U.S. and European business schools earn considerably more than those graduating in Britain — double in the case of the U.S. graduates.

There is a quite extraordinary desire on the part of the UK managers to change jobs, prompted presumably by the opportunity to increase salary despite wage restraints. In Britain 30 per cent of the respondents claimed to be actively seeking new employment, almost double the number in Switzerland, Belgium, Japan and the U.S., though in France as many as 28 per cent said they were hunting.

Despite this desire to move, the survey found that business graduates do not change jobs particularly frequently. For instance in the UK 71 per cent of those surveyed had changed employers only once or not at all, which would appear to belie the reputation business graduates have for job hopping.

The MBAs would appear to fare reasonably well within their employment and are being promoted. For instance in the UK 36 per cent of the sample had been promoted three or more times since leaving business school which is broadly in line with those in the U.S., Switzerland, France and Germany. In Belgium almost half had been promoted three or more times.

British MBAs are perhaps one of the most professionally qualified in the world says the survey. It found that 41 per cent had a professional qualification — usually accounting or engineering — in addition to their MBA.

In most countries the graduates believed it was important to have experience in business before starting on an MBA. In the UK this was reckoned as being "extremely important" by no less than 61 per cent, a view shared by only 30 per cent of their American colleagues. Four out of five graduates in the UK had had business experience before going to business school as had those in Switzerland and Japan as well.

Further details from Egon Zehnder International, 87 Jermyn Street, London SW1Y 6JD.

LOMBARD

Keynes with Pepper

BY ANTHONY HARRIS

SOME OF my friends have displayed a certain impatience with the renewed debate on improved or different methods of monetary control. They argue, quite simply, that the whole issue is a non-problem, which seems important only to people suffering from monetarist obsessions. Some of them get quite personal. They accuse me of "surrendering to a fashionable intellectual climate" (by which they mean my colleague Samuel Brittan), and the Government of "surrendering to the pressures of people like Gordon Pepper of Greenwells" (by which they mean Gordon Pepper of Greenwells).

Realities

Now I do not wish to waste space arguing about whether I am influenced by anyone or not. Gordon Pepper, who is much concerned with technical questions, probably does not greatly care what labels are attached to him, but I do. Concern with monetary management is not a sign of "monetarism," but simply with important financial realities.

John Maynard Keynes wrote a whole treatise on the importance of these realities, and the General Theory is a development of essentially financial insights—for the City is the place where the divorce between savings decisions and investment decisions is daily solemnised. Like Keynes himself, monetary economists are Keynesian: and on any litmus test I can apply to distinguish such monetary economists from "monetarist" economists, Gordon Pepper comes up pink every time. (So, to some extent, does Milton Friedman!)

The first and most fundamental test is whether you are at bottom concerned with credit or liquidity. At times there is very little difference; but under some circumstances, the difference is essential. The simplest test is a regime of dirty floating or fixed exchange rates; here the credit man looks at DCE, the true monetarist continues to look at money only. Greenwells have consistently worried about DCE at such times.

A still more obvious basic test goes right back to Keynes. Are there circumstances in which it is essential to apply a fiscal stimulus, or is this a dangerous delusion? There is a whole library of monetarist literature about the supposed delusion: but less than two years ago, Gordon Pepper was arguing that when the money supply was tending to undershoot at a time when interest rates were falling rapidly, it was a sign that fiscal policy was too tight, and he has suggested the same connection in subsequent Greenwell bulletins.

This brings me to my final litmus test, the horse-to-the-water argument. To put it another way, what would Greenwells have been saying about 1930, or what would Keynes say today? Keynes argued that in the 1930s, there was no rate of interest which would stimulate enough borrowing to get the economy moving; you would actually have to pay borrowers. Simply to make credit available was like "pushing on a string."

Greenwells might well have used the same words, for they have more than once used Keynes's phrase since; or they might simply have used their 1977 argument and suggested that only a larger fiscal deficit could get monetary growth back on trend. And if Keynes had lived to comment on the crisis of the 1970s, he might have observed that in an inflationary recession, real interest rates do go negative, so that the slump is not, as in the 1930s, self-perpetuating. He might even have regarded the Greenwell observations of 1977 as a little too Keynesian.

Now the reason for devoting some space to this problem is not to elucidate the Thoughts of Chairman Pepper, for all that they are usually well worth elucidating, but to underline something which still does not seem to be so obvious: concern with credit policy is not some new counter-revolution: except for two brief aberrations under Dr. Dalton and Mr. Heath, it is a mainstream concern.

Helpful

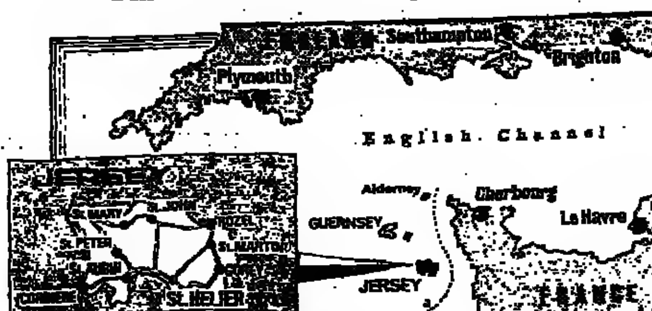
It is simply not possible to wish away the questions of monetary control as self-imposed dilemmas arising out of dogma. You can argue, as they do in Dean Trench Street, whether it is appropriate to use credit policy to fight inflation. The answer, even according to Professor Friedman, is a matter of degree (and Greenwells are gradualists). You could argue that the whole distinction between Keynesians and monetarists is bogus, though there is enough nonsense written at both extremes to keep the issue alive.

AROUND BRITAIN

JERSEY

Island home of a booming offshore finance industry

BY EDWARD OWEN



THE OFFSHORE finance industry continues to boom within the 45 square miles of the Island of Jersey.

Current estimates put the amount of money on deposit in the island at more than £1.5bn, plus well over £2bn held by local branches of banks for international loan operations.

In addition, funds on trust, it is reckoned, could now easily exceed £2bn, while the growing offshore fund sector accounts for at least another £300m.

Low taxation, expertise, even political stability, are not enough to bring in that volume of business.

As Jersey's economic adviser, Colin Powell, says in his latest report, another vital ingredient is to be seen to be running "a respectable house."

Labour back-benchers may see the Channel Islands as disreputable tax havens, but internationally they have a different reputation.

By close vetting of company registrations and the restriction of new banking and unit trust activities to "institutions of stature," Jersey's authorities have tried—successfully—to present a good image to the world.

The latest comers to the St. Helier banking scene are such respected houses as Morgan Guaranty Trust, Bank of India, Banco de Bilbao and Banque Nationale de Paris.

There is one field, however, in which progress has been slow. This is in the reform of Jersey's 118-year-old company law which, in the view of some observers, is a decidedly antiquated instrument with which to police a modern offshore financial centre.

Modelled on English legislation of the mid-19th century, Jersey's company law remains largely a framework designed to regulate the activities of a community of small family businesses, farmers and fishermen. The procedure for persuading companies to file up-to-date returns is slow and cumbersome, and the information on record is sparse, usually not even giving the names of directors.

Pace-setter

At one time it looked as if Jersey might be the pace-setter within the British Isles in the field of company law reform. That was in the period following the appointment of David Morgan, previously head of legal services at Jordan and Sons in London, as the island's first commercial relations officer.

Asked to draw up a commercial code tailored to Jersey's own role, Mr. Morgan produced a formidable package of proposals that would have carried the island in one bound from the 1860s to well into the 1980s.

Instead of proposing piecemeal reforms, Morgan put forward in his two main reports dealing with insolvency and company law, what in effect was a complete redraft of local commercial legislation in the light of the general change in standards and Jersey's much-altered economic situation. A good deal of what he suggested—for example, in regard to the responsibilities of directors—was in line with recent UK and EEC thinking. He envisaged considerably more disclosure of information than at present by companies trading locally, and in the case of non-resident companies the appointment of an answerable local director and more power of supervision by the island authorities.

The local professional community decided that this was going too far too fast. The message was transmitted clearly to the authorities that while the bankers, lawyers and accountants accepted the need to protect Jersey's reputation, they wanted to do it in their own time and in their own way.

As a result, Mr. Morgan's two main reports—on company law reform and insolvency—have been quietly placed on the shelf.

However, progress is being made with a trust law prepared by Mr. Morgan (something Jersey needs in order to gain full credibility with foreign settlers). His third draft is currently being worked on by a small committee of professional men.

Pattern

And this looks like being the pattern for the future formulation of company law—no sweeping reforms, but changes where the professionals feel they would be prudent or advantageous.

Meanwhile, the Jersey Society of Chartered and Certified Accountants has taken the initiative over the lack of local legislation on the form and presentation of audited accounts.

At present, directors in Jersey are theoretically bound only by a provision of the 1861 company law requiring them to produce a simple statement of a company's receipts and expenditure over the year, together with its assets and debts.

In practice, most of Jersey's accountants have for many years followed the principles of English company law, and the recommendations of UK professional bodies, in preparing financial statements.

The society has now gone an important step further by issuing draft recommendations on accounting practice which it hopes will be generally adopted by the profession on the island over the next two years and eventually issued as a statement of practice binding on its members.

The recommendations are based largely on the UK Companies Acts 1948-78 and the Statements of Standard Accounting Practice published by the Consultative Committee of Accounting Bodies. But there are departures where it is felt that UK policy is not in accordance with "the best interests of accounting practice in Jersey."

The first part deals with the minimum disclosure requirements in regard to current, fixed, intangible and other assets, investments, liabilities and shareholders' funds.

Other sections concern the presentation of a company's profit and loss account, information to be given by way of notes to the financial statement if not otherwise shown, and the use of consolidated financial statements.

But while many of Jersey's larger companies already prepare consolidated accounts, it is by no means the general practice—and it is foreseen that it may be difficult to win wider acceptance for it.

The accountant concerned will be expected to try to persuade his client that consolidated accounts do present a fairer picture.

Where agreement cannot be reached over a company following any of the society's recommendations, it is thought that the society will be able to bring effective pressure to bear as the result of no other accountant being prepared to handle the client's work if the existing one feels obliged to resign.

Buckshell set for Sandown win

RACING

BY DOMINIC WIGAN

BUCKSHELL, owned by Brigadier C. Harvey, bids today to repeat his success of a year ago in Sandown's Dick McCreery Cup — and there seems little reason why he should not again come out on top.

Ridden by Major A. Cransie and trained by David Nicholson, the eight-year-old, Royal Buck gelding who obliged for the same team in 1978 with a five lengths victory over Fjord, seems to have come to hand at the right time. Following two unplaced efforts this well made son of Shelly River ran an encouraging race at Newbury on Saturday finishing fourth, eight lengths behind Harry Hotspur.

Although Buckshell has gone up by 11-lbs since last year and will have problems in confirming superiority over the in-form Fjord and the extremely experienced Number Engaged, I believe he will be up to the task.

Thirty five minutes after the Dick McCreery Cup, several useful hurdlers clash in the Select Four-Year-Olds hurdle over two miles. It will come as a surprise if the winner does not come from the trio made up of Cole Porter, Norfolk Dance and Taffy.

Cole Porter, one of the few National Hunt performers with Paul Cole at Lambourn, gave a highly encouraging display in the opening division of the Freshman's Hurdle at Newbury towards the end of November.

In spite of taking the final two flights untidily, the chestnut Great Nephew colt went down by only four lengths to McAdam; in the process finishing 10 lengths ahead of Ment More, a subsequent length conqueror of Ahmadi.

Any improvement on that form should see him coping with recent winners Norfolk Dance and Taffy who were both a disappointment at Newbury when they failed to make their presence felt in an admittedly highly competitive race for the Stroud Green Hurdle.

I have always had high hopes of the Saxon House six-year-old Tarbank making the grade as a chaser and I fully expect Fulke Walwyn's recruit to lift the Flyers' Open Novices Chase.

Last time out, Tarbank had the misfortune to run up against Killwarren in the Ladbroke Beteha Hurdle at Kempton on December 27 and it seems doubtful if there is any opponent in today's weekly contested chase capable of preventing him from getting off the mark over fences. *I take him to score from Sweeping Along, an inmate of Josh Gifford's temporarily out-of-form Findon stable.*

1.15—Debt Collector
1.45—Hectare
2.15—Buckshell**
2.50—Cole Porter*
3.25—Queen's College
4.00—Tarbank***
4.30—Duckdown

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You And Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.05 Teliffant. 3.30 The Sky At Night. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Michael.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Wonder Woman.
7.50 Top of the Pops.
8.30 The Other One.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town (London and South-East).
10.45 Regional, National News.
10.50 The Best in the Ballroom: The Carl-Alan Awards for services to dancing.
11.25 The Late Film: "In The Cool Of The Day," starring Jane Fonda.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Karl Anton Rickenbacher conducts Russian music. 10.45-10.50 Regional, National News.

Wales—1.45-2.00 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Young Scientists of the Year. 10.15 Kane on Friday. 10.45-10.50 Regional and National News.

Northern Ireland — 10.23-10.38 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News.

England 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In The Country; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let The People Talk; North East (Newcastle) Friday North; North West (Manchester) The Acting Game for amateur groups; South (Southampton All Together Now: Who Governs?; South West (Plymouth) Penninsular; West (Bristol It's in The Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.35 Gardeners' World.
7.20 Mid-evening News.
7.30 Star Signs.
8.00 City.
8.35 Westminster.
9.00 Pot Black 79.
9.25 Pro-Celebrity Golf.
10.15 Late News.
10.30 "Chere Louise," starring Jeanne Moreau.
12.05 am Rock Goes to College.
12.45 Closedown: The Morning Toilet (talk).

LONDON

9.30 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Pipkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. *3.20 You're Only Young Twice.* 3.50 The Sullivans. 4.15 A Bunch Of Fives. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames At 6.
6.30 *Emmerdale Farm.*
7.00 The Muppet Show.
7.30 Sale Of The Century.
8.00 Flambards.
9.00 House Of Caradus.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme: "The Disappearing NHS Dentist."
12.10 am George Hamilton IV.
12.40 Close: A look at Westminster Abbey with music by Vaughan Williams.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee: "Blood Sport." 5.15 Bailey and Bird. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film "The Bobo" starring Peter Sellers. 12.50 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Prince of Menace. "Scream And Scream Again."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Target Risk." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 The Dog Show. 10.30 Whatever! 11.00 Late Film "You're A Big Boy Now." 12.45 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "Murchison's Creek." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. 10.32 Late Night Movie: "Up The Junction." 12.35 am News and weather in French.

GRAMPIAN

GRANADA

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "Crime Club: The Last Key."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.35 Snooker

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

Radio Wavelengths

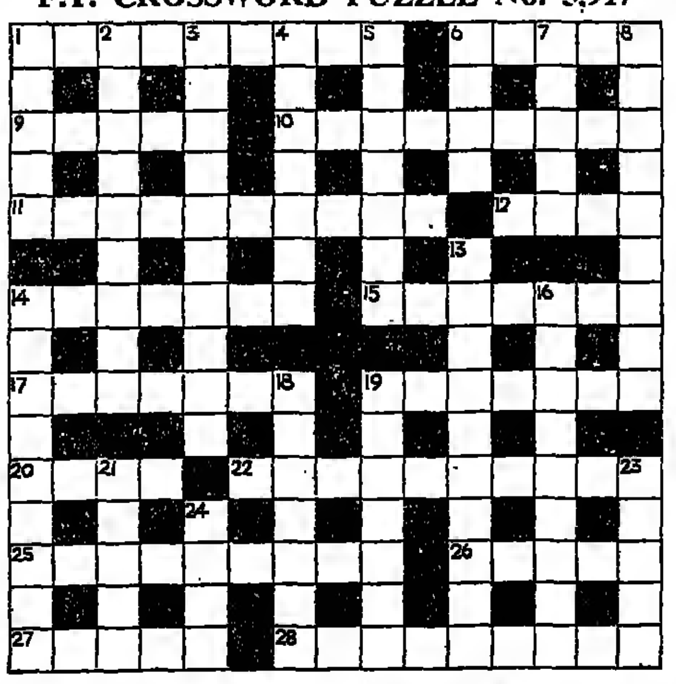
RADIO 1

RADIO 2

RADIO 3

RADIO 4

F.T. CROSSWORD PUZZLE No. 3,917



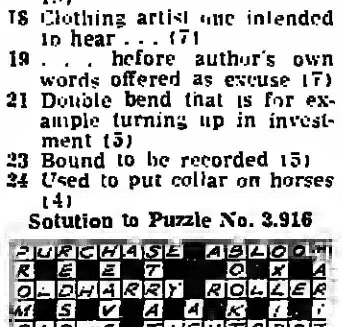
ACROSS

1 Barts deny upsetting spectator (9)
6 Shots enabling Sarah to win 5-0 (5)
9 Ascend outside right set (5)
10 Feel a palm could serve as national emblem (5,4)
11 Human flotsam ko'd (4,3,3)
12 Big stick keeps company quiet (4)
14 Sailing boat in conjunction with robber (7)
15 Squares just have late meal (5,2)
17 Woolly follower of Winston (7)
19 Bell ringing taken quietly by west London suburb (7)
20 A symphony orchestra in London as well (4)
22 School beginners try to win favour of sporting arena (5,5)
25 Public in this place goes yonder (4,5)
26 Applaud Frenchman inside potato store (5)
27 Tear after West-end fashion (5)
28 Evidence of right style to give to action (5,4)

DOWN

1 My goodness, pray take notice (5)
2 Fairy tale character dwarfed by her companions (4-5)
3 Looks like turning up (10)
4 Protest rally joined by dunderhead newsman found old-fashioned (7)
5 Happiness absorbed on river (7)
6 Somebody for a start ever a prophet (4)
7 Tell a story for the purpose of stop at sea (3,2)
8 Ready made from specific drink of spirits (3,3,3)
13 Personal transport somehow paled before revolution (5,5)
14 Keep giving orders to a 24 in the vicinity (4,5)
16 Demand as part of bargain that tale is put differently (9)
18 Clothing artist one intended to hear . . . (7)
19 . . . before author's own words offered as excuse (7)
21 Double bend that is for example turning up in investment (5)
23 Bound to be recorded (5)
24 Used to put collar on horses (4)

Solution to Puzzle No. 3,916



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

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THEATRE UPSTAIRS. 730 2554. REHEARSED READING. Ton't. Tomor. and Thur. 7.30. Ring for details.

CINEMAS

LEICESTER SQUARE THEATRE. 930 5252. THE PASSAGE (X). Sep. progs. Wks. 1.15, 4.45, 8.15. Sun. 3.30, 7.30. Late Night Show Fri. and Sat. 11.45 pm. All seats bkble. in advance at Box Office or by post for 8.15 prog. Mon.-Fri. and all progs. Sat. and Sun. No Late Show booking.

ODEON HAYMARKET. 930 2738-2771. MAGIC (X). Sep. perfs. Wk. 2.15, 5.15, 8.15. Sun. 4.15, 7.15. Late show Fri. and Sat. 11.30 pm. All seats bkble. at Box Office or by post.

ODEON LEICESTER SQUARE. 930 6111. ASHANTI (AA). Sep. progs. Dly. Doors open 1.45, 4.45, 7.45. Late show Fri. and Sat. doors open 11.15 pm. All seats bkble. at Box Office or by post. From March 20 Neil Simon's CALIFORNIA SUITE (AA). All seats bkble. at Box Office or by post. BOX OFFICE NOW OPEN.

ODEON MARBLE ARCH W.2. 723-2011-2. DAMIEN-OMEN II (X). Sep. progs. Wk. doors open 1.30, 4.15, 7.15. Sun doors open 3.00, 7.15. Late Night Show Fri. and Sat. doors open 11.00 pm.

PRINCE CHARLES, Leic. Sq. 01-437 8181. IN PRAISE OF OLDER WOMEN (X). Sep. perfs. dly. (inc. Sun.) 12.40, 3.10, 5.55, 9.35. Late show Fri. and Sat. 11.15. Seats bkble. Licensed bar.

STUDIO 1, 2, 4. Oxford Circus. 437 3300. 1. An all-star cast in Robert Altman's A WEDDING (AA). Progs. 2.20, 5.10, 7.55. Late show Sat. 10.45. 2. Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30, 5.25, 8.10. Late show Sat. 10.40. 4. THE DEER HUNTER (X). Sep. perfs. Daily 12.30, 4.05, 7.40. Late show Sat. 11.20. Seats bookable.

THE ARTS

هكذا من الأهل

Globe

Joking Apart by B. A. YOUNG

As the title may suggest, this is Alan Ayckbourn in his sociological mood again. His hero Richard, a director of the Scandinavian Craftwork Company, is gifted with flair, and his wife Anthea is gifted with charm. (She is not his wife, but since they live together as if she were, and nothing is made of the point, it is convenient to think of her so.) With two delightful children, discreetly kept offstage, what should there be in their lives but joy?

We see them at four-yearly intervals over 12 years, and joy it is—for them. For everyone else it is a disaster of one kind or another. Richard's Scandinavian partner Sven, whose aggressive superiority is neatly put over by Robert Austin, becomes less and less certain of his perfection as Richard makes him less necessary in the firm, until he ends as a cheerfully humble man with a heart condition and a wife (Jennifer Piercey) lamenting him on the touchline. Hugh (Julian Fellowes), the new young vicar, falls uselessly in love with Anthea, while his wife Louise (Marcia Warren) a character we seem to have met before in *Just Between Ourselves*, relapses into melancholia. Brian (John Price), who spends his weekends at Richard's house with a series of girl-friends hard to tell apart, ends up perceiving the loom of middle-age when Anthea's daughter Debbie (Diane Bull), who comes from the same mould, gives him a cold look at her 18th birthday party.

Mr. Ayckbourn develops his theme very cautiously to begin with. It has taken the whole of the first act to lead us to the point where we are told that Richard's brilliance and Anthea's universal kindness has won them only suspicion from their companions. The plotting is adorned in true Ayckbourn fashion with a firework display ion a very warm Guy Fawkes Day when the trees still bear the leaves Alan Tagg has given them so generously in his set) and one end of a game of tennis.

But I couldn't help wondering when something would happen.

The real turning points come at the start of the second act, when Sven, a former junior tennis champion, only beats Richard in their long-awaited game because Richard plays left-handed (surely Sven would have noticed ?) and Hugh stammeringly declares his love. There is nothing left for us after that but to watch Hugh and Louise and Sven and his wife and Brian slide down the slope while Richard and Anthea retain their unquestioned position at the top of it, serenely unaware of the push they have given to each of their friends.

Christopher Cazenove and Alison Steadman do indeed maintain them high in our affections with their charmingly undemonstrative playing. The author himself directs, and the familiar comic skills flicker about the stage. Like a critical Oliver Twist, though, I wanted some more—even though I was dazzled by the beauty of Miss Steadman's dress (by Lindy Hemming) in the last scene.

Christopher Cazenove, Alison Steadman and Julian Fellowes

Leonard Burt

ABC Theatre, Peterborough

Idomeneo by RONALD CRICHTON

If a musical fortune-teller had said, "You will shortly see Gluck's *Iphigenie in Tauris* at Eastbourne and Mozart's *Idomeneo* at Peterborough," she would have been told to take her tea-leaves elsewhere. Yet both those things have happened during the past year or so, both were rewarding and illuminating occasions, given before large and raptly attentive audiences by Kent Opera. On Tuesday the new *Idomeneo* (in an English version by Michael Irwin) opened the company's first season at Peterborough. Norman Platt produces, Roger Norrington conducts, the designer is Roger Butlin.

A good, enlivening *Idomeneo* they have made of it, musically fine-fingered in Kent Opera's now firmly established tradition. How admirable that the company should be so sure-footed—as their recent Radio 3 broadcast of *Iphigenia* also recalled—on the higher slopes of opera. For *Idomeneo* Mr. Norrington uses a small string section equally balanced in numbers with woodwind and brass (no trombones in this version). To do this in a building like the ABC at Peterborough, a cinema with an apology for an orchestra pit so that even with a small band players spill out into the stalls, is brave. From a seat dangerously near the bassoons the gain in clarity, the sensation of being half-inside Mozart's part-writing, was worth the occasional faintness of the strings away on the other side and the frequent drowning of the harpsichord

Mr. Norrington's reasonable speeds, stylish gracing, clean chording and airy textures gave extreme pleasure except when too much of the *cuisine minceur* lightness spread to the singing. Of the soloists only Anne Pashley, the soprano Idamante, consistently projected every word and every note. Miss Pashley's phrasing and enunciation were a joy: with female Idamantes like Janet Baker, Sylvia Lindenstrand and Miss Pashley to choose from, how can anyone prefer the tenor alternative? The Ilia of Deborah Rees, first winner of the Maggie Teyte competition, remarked not long ago in a Haydn opera at the RNCM Manchester, is full of promise. Good Ilias are rarer than passable Electras: Miss Rees has a charming presence, the tone is still a little frail but will surely put on body. Meanwhile she should not be afraid to aim her voice at the back of the house.

Janet Price's Electra is not the now conventional, demented, post - Straussian creature but a well-bred royal matron in control of inner pressures up to the very last moment. The final aria is omitted in favour of the fine accompanied recitative Mozart substituted at the last moment for the Munich premiere—worth occasional hearing, but not one of his most convincing alterations. Miss Price could afford to let fly a little more there. Meanwhile she sang "Idol mio" both more sweetly and more securely than the wilder Electras normally manage to do.

Although it contains so much superb music, the title-role is a beast. Idomeneo is the type of hero to whom calamities happen but who takes little effective action to set them right. Anthony Roden managed the long version of "Fuor del mar" and "Torna la pace" in the last act so fluently that one could understand some hanging back towards the beginning. Nevertheless the situation at the king's inopportune meeting with the son Idamante whom he must sacrifice demands something more than hunched shoulders. The Arbace of Paul Whitmarsh had exactly the manner of a harassed personal private secretary. Grant Pullen's pure-toned High Priest was too light-voiced — later in his career Mozart would surely have used a bass for the role. The possible theory that lack of projection was the theatre's fault was knocked on the head by Wednesday's *Rigoletto*. Here, with the cast reviewed recently by Max Loppert, the voices came across without inhibition.

Norman Platt's production is uncontroversial, unobtrusive, not insensitive. Sometimes the results are blank, for instance when the naming of Idamante as sacrificial victim produces no visible reaction whatever. Sometimes Mr. Platt places the expert but numerically small chorus where they can't be properly heard, for example in the terror-finale to act 2 and later in "O voto tremendo." Part of the trouble is the absence of dancers who can be used not only in formal ballets but, for miming, people fleeing from Poseidon's monster or priests performing rituals, freeing the chorus for undistracted singing.

However much modern conductors and producers may regret the fact, dance is an essential element in this kind of spectacle. One can't blame a company of Kent Opera's limited size for leaving it out, but it won't do for Mr. Norrington in his petulant programme-note on his edition of *Idomeneo* to ignore the question altogether. The "one or two small cuts" he mentions include Arbace's arias (forgivable) and all the ballet music with the lengthy Chaconne.

The personal appearance of Poseidon—youthful, wobbly and unlikely to frighten a sand-eel, needs rethinking. But Roger Butlin's ingenious semi-permanent set, combining classical bas-reliefs and painted cloths works pretty well except for one cloth which continues to depict turbulent waves (the essential role of the sea in this drama is rightly stressed) through the barcarolle, chorus extolling calm after storm. Evidently there is a large public in and round Peterborough willing to be enterprising—*Idomeneo* drew a larger house than *Rigoletto*. Next time Kent Opera will no doubt persuade the ABC management to switch off their recorded commercials in the interval.

Dennis Tuohy to rejoin Thames TV

Dennis Tuohy is shortly to rejoin Thames Television from the BBC to work as an interviewer and reporter on the ITV network programme *TV Eye*.

Cinema

Denizens of the night by NIGEL ANDREWS

Nighthawks (X) Gate
The Last Supper (AA) Academy
Same Time, Next Year (AA) Plaza
The Passage (X) Leicester Square Theatre

Nighthawks is two "firsts" at once: it's the first film to come from the young British writer-producer-director team of Ron Peck and Paul Hallam, and it's the first film to delve with anything resembling realism into the mysterious jungle of London "gay" life. Shown and praised last year at the Chicago, Edinburgh and London film festivals, it reaches a public London run now thanks to the ever-adventurous spirit of the Gate cinema's directors, Barhara and David Stone.

If you think that the film's portrait of homosexuality is for converts only, you may disabuse yourself. Peck and Hallam have put honesty and naturalism as their first priorities, but there is also humour and a kind of bleak-funny universality in the story of a gay schoolteacher (Ken Robertson) who lives a Jekyll-and-Hyde existence, wearing his respectable façade for daytime working hours at his comprehensive school, and haunting London gay bars and discos, clad in jeans and T-shirt, at night.

The film has a dogged, mournful naturalism so winning that its conversation scenes — whether between gay men or between the hero and a married female teacher colleague (Rachel Nicholas James) who bravely tries to "understand" his problem—are like Pinter dialogue short of its artful stylisation. A homosexual's life is seen, far from being uncommonly weird or squalid or exotic, as made of much the same hit-or-miss emotions and daily hopes and fears as anyone else's.

Apart from scenes set in a studio-built disco, where the denim-clad denizens of the night walk around amid the thumping music with a demeanour somewhere between entrancement and stupefaction, Peck and Hallam shot the who filme on location: in schools or in bed-sits or on the London streets. The insecurity of gay life is sensitively expressed in the film's ever-shifting locales and seemingly "haphazard" cutting. But despite its apparent shapelessness, *Nighthawks* builds into a film with a hypnotic rhythm, part-lulling, part-engrossing the viewer until the brilliant thunder-clap of a scene near the end in which the hero is suddenly confronted by his class with the question, "Sir, are you bent?" What follows is a merciless barrage of ribaldry, abuse and frontal interrogation, through which the hero does his valiant and moving best to impart some wisdom and tolerance where it is most needed.

The Last Supper, by the Cuban director Thomas Alea, is about a different "minority": slaves. Set on a Cuban sugar plantation in the late 18th century, it tells the story of a rich, paternalistic Count (Nelson Villagra) who treats his slaves with a mixture of personal benevolence and delegated cruelty. The cruelty is delegated to a bullying overseer whose task is to ensure that the slaves reach the requisite sugar quotas. The benevolence is the fruit of the Count's own conscious-salving Christianity.

Come Holy Week, he decides to enact his own Imitation of Christ by inviting 12 of his slaves to a Good Friday eve dinner. The stage is set for the film's Buñuelian centre-piece, a lordly parody of the Last Supper in which the host, labouring under his delusions of New Testament grandeur, becomes more loftily Christ-like as the evening and the wine wear on. First he washes the feet of his disciples one by one; then he waxes eloquent on the Christian virtues of enduring pain; and in a final access of pious generosity he grants freedom to an elderly slave, who promptly asks bewilderedly if he may go on living on the plantation.

The film's ironies verge at times on the glibly satirical, but the scene is so masterfully staged and photographed—the pale faces isolated against a velvety darkness, as in a Renaissance painting—that the power of the imagery "powers through" the ideas. Less happy are the film's Before and After scenes: the Before sketching-out of the daily life, and the hierarchy, of the plantation, with too heavy a finger of recrimination being pointed at the despotic overseer and the unctuous priest; the After scenes in which the slaves, goaded into rebelliou wheo the master revokes his promise of a holiday on Good Friday, kill the overseer, storm the plantation and then try to flee the wrath to come by escaping into the forests. Cinema history is littered with too many revolting-slaves sagas for this one to make a fresh, strong impact, and the noble promise of the film's central episode is never quite fully realised.

*

In *Some Time, Next Year* 24-year-old California housewife Ellen Burstyn meets 27-year-old married New Jersey accountant Alan Alda in a seaside hôtel (Monterey?) where each is staying overnight. It is love—or at any rate, lust — at first sight, and after a night of extra-marital bliss they vow to meet again at the hotel the same time next year. Just for one night.

That was 1951. We next meet them in 1956, then 1961, then 1966 and so on, twice a decade up until two years ago. They grow older but not apparently any wiser, since this must be one of the daftest and most unfulfilling romantic liaisons the screen has ever created. Or rather the stage, since the film is based on a comic-sentimental Broadway play by Bernard Slade and compounds its mercilessly one-room setting — a log-cabin-style chalet done up in Abraham Lincoln chic — with talking-heads direction (Robert Mulligan) and soft-focus, smear-lensed photography (Robert Surtees) which aims at the idyllic but achieves instead a sort of inebriate double-vision.

There remain the performances. Ellen Burstyn and Alan Alda deftly encompass the changes wrought in the character by age and passing fashion —she goes through a hippy phase one year, is pregnant another; he goes from starched-collar conservatism to colour-supplement liberalism — and they bang about the script's best lines in spirited fashion. But never so inexorably as they are along the rails of sentimental predestination, it is beyond either player finally to turn his character into a convincing and autonomous human being.

Ellen Burstyn in 'Same Time, Next Year'

*

"Why do you think we Germans conquered France? It's obvious. To get at your recipes." So quips preening SS officer Malcolm McDowell as he prepares a private dish in his own kitchen for captured French resistance fighter Michel Lonsdale. The dish? A ragout. The principal ingredient? M. Lonsdale's fingertips.

The Passage is as beguilingly absurd a World War Two story as we have seen. Lured away from his sheep, Basque farmer Anthony Quinn offers to escort Jewish scientist James Mason and family out of occupied France by way of the Pyrenees. In hot pursuit is Herr McDowell who, after extracting all the crucial information about the party's itinerary from the hapless M. Lonsdale, cuts a merry swathe through France, first incinerating gipsy Christopher Lee, then sodomising Mason's briefly-captured daughter Kay Lenz, then blowing up resistance guerrilla Marcel Bozzuffi ("Catch," he says as he lobs a grenade at him from a Pyrenean crag) and finally . . . well, if you are reckless enough to see the film yourself you will discover unaided his ultimate fate.

In addition to Mr. McDowell, the campest recruit to Nazi Germany since the cast of "Springtime for Hitler," the film boasts a fair number of treats for the light-of-heart; not only in the script but in J. Lee Thompson's direction: Mr. Thompson offering his usual combination of Spell-It-Out over-emphasis in the foreground of scenes and waxwork inertia in the background. When the action scenes get too sluggish, he throws in another explosion or whips up some extra rhubarbing from the extras. The film is idiotic but not too unenjoyable; there are worse refuges about for a rainy London afternoon.

Wigmore Hall

Craig Sheppard by MAX LOPPERT

The recital on Wednesday was the fourth in the current cycle of the complete Brahms piano music. If the previous three have caught Mr. Sheppard in similar form, the enterprise has been no pious plod through well-trodden fields, but an adventure. His Brahms playing on this occasion was brightly and boldly coloured, sometimes charged with excitement, sometimes infuriating, and never less than vividly interesting. He opened with the early E flat minor Scherzo, Op. 4, whose high-Romantic scene-setting he dramatised as though an expert Lieder singer were holding one's attention through the full length of one of the longer Loewe narrative ballads.

From this to the Handel Variations was a large step, bravely but not always considerately taken. There was never any artificially thickened tonal ingredient, any assumption of feigned weightiness of manner, to blur its counterpoint: the attack remained punctilious, forward, and sharp-cut. To the point of rashness, indeed: Mr. Sheppard's youthful urgency seemed not fully scaled to a mature vision of the mighty structure. His progress through it was uneven; passages seized in a spirit of exhilarating freshness were likely to be followed by passages blunt and cavalier, and the pianist's stance on approaching climaxes was too often that of the pugilist. Yet, for all that, one remembers with gratitude the liveliness, the forward impulse, and remembers other performances of the work, smoother and solider in sound, that have wanted just those qualities.

If the prime requirements of a pianist undertaking the Opus 118 set of piano pieces are a distilled intimacy of touch, and an ability to touch on the poignant and sometimes passionate emotions contained within their song-form structures without shattering the mould, then Mr. Sheppard's success with the set must once again be deemed incomplete. Yet despite the tendency to come to the boil too quickly, there were beautiful things in his performance: a finely drawn middle section in the G minor Ballade (Mr. Sheppard showed an admirably sensitive response to the pathos of its modulation into the strange region of B major), a poised, gently lyrical start to the F major Romanze. Eleven of the Hungarian Dances from the third and fourth books closed the recital, transcribed from the version of four hands by Mr. Sheppard himself, and played with a curious, unpredictable mixture of fire, clumsiness, dash, and sudden heedlessness.

Warehouse

Invisible Man by B. A. YOUNG

The Royal Shakespeare Company's other extra this week is a half-hour one-man piece spoken by Jeffery Kissoon against the bleak prison set of *Jail Diary of Albie Sachs*.

Invisible Man is a monologue by Ralph Ellison, to be spoken by a black man in New York. To be black in New York is sometimes the same as to be invisible. People will bump into you and go on without apologising. You can find yourself a secret home in the basement of a block of white people's apartments, and secretly equip it with a record-player and 1,369 light bulbs.

Sometimes, though, your invisible self will react against the rudeness of your visible neighbours and, like Mr. Ellison's narrator, demand an apology at knife-point, leaving your neighbour bleeding but unapologetic on the ground. It must be said that *Invisible Man* is nothing so liberal as a plea for better treatment of blacks. It is an explanation why blacks tend to explode in violence, or use their cunning to defraud the electricity authority. It may provoke understanding, but it is not likely to provoke sympathy.

Mr. Kissoon, who is himself black, begins with an image of respectability, in a smart grey double-breasted suit, a bow tie, a black Homburg hat. But he works himself up into a crescendo of passion fuelled by the music of Louis Armstrong (heard in his head, though not in the theatre) as modified by marijuana, until he is crying with the sound of a Negro revivalist preacher. It is quite an impressive bit of work. Next, and last, performance, 11.15 pm tonight.

Exhibitions at Riverside Studios

The Masaccio Exhibition compiled by Bread and Puppet theatre company from America and consisting of bas-reliefs, wood-cuts, paintings, cut-out figures and giant banners based on the frescoes in the Brancacci Chapel, Florence, is on display in Studio 2 at the Riverside Studios, W6, until March 30 (admission free).

Also at the Studios, Jan Marek's work will be on display until April 1. He investigates the relationship between an image and its method of creation by means of graphic sequences. Swiss-born Marek went to St. Martin's School of Art from 1973-75.

Milstein returns to London

When the Russian violinist Nathan Milstein appears with the Philharmonia Orchestra at the Festival Hall on March 23, it will be his first appearance in London since January, 1973. He will play the Brahms Violin Concerto, in a concert which will be conducted by Simon Rattle.

The concert is sponsored by the Rank Organisation who contributed to the orchestra's tour of Japan last November.

FINANCIAL TIMES
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Friday March 9 1979

The dangers of comparability

THERE ARE growing and welcome signs, most recently in the dispute at *The Times* and in the hospital wards, that industrial relations are being conducted in a more civilised way after the ill-temper of the winter, and that the outcome of the whole wage round will not be nearly as bad as first fears had suggested. However, peace has a price. The price in money in the private sector, although it is visibly damaging profits and competitiveness and will in due course reduce growth and employment, must be borne with such philosophy as we can muster. It is perhaps the cost of re-establishing a principle—that where money values are protected, the market has the last word.

Natural justice

In the public sector, on the other hand, the money cost of peace will not be known until the autumn; but what has already been offered is a concession in principle which we continue to regard as questionable and potentially dangerous. Incomes policy, it is now tacitly conceded, is dead; long live comparability. It sounds like natural justice, and that is precisely why the concession is so dangerous. In the long run, the cost of the idea could be much higher than the cost of the settlements needed to implement it.

The fact that large settlements would be needed this year to secure peace in the public sector has been obvious for many months. It does not arise out of any deep principle, but from the fact that the Government's incomes policy did not break down last autumn, but many months earlier. Under the 10 per cent norm—and indeed under its predecessor—public employees fell behind the private sector by some 5 per cent.

Holy writ

Ministers do not like to talk about this; if they were more open, a realistic allowance for catching up should have been embodied in the White Paper on public spending. The Prime Minister tacitly conceded the real nature of the problem when he claimed that comparability was a formula to prevent what he called a merry-go-round—or what is better understood as a ratchet effect in which the public sector successively falls behind and then catches up, by way of large settlements which simply invite emulation in the following wage round. If comparability were no more than a fig-leaf to hide Ministerial embarrassment at abandoning what worked out in practice as an attempt to fight inflation by picking on the public sector, we would welcome it.

However, it means much more. Indeed, it seems to mean anything which any trade union wishes it to mean. For civil servants, it means giving the findings of the Pay Research Unit the force of holy writ. For teachers, it means enshrining the highest pay relativity they ever achieved as a permanent norm. For ambulance drivers, it means parity with men in much more dangerous occupations. For Mr. Alan Fisher, it means that his own members should set the standard by which private sector pay for porterage, floor scrubbing and part-time cooking are judged.

What is more, every claimant is encouraged by the official enthusiasm for comparability that his claim is a matter not of a bargaining objective, in which manning levels, productivity and security of employment can also be brought into the sum, but of elementary justice. Efficiency is an optional extra.

Commitment

However, perhaps the most dangerous consequence in the long run of enshrining comparability, which is in any case a question-begging concept, as an administrative rule, is that it implicitly denies that it can ever be right to change relativities. Changes in relative prices are the basic information system of a market economy; and despite the imperfections of the labour market, they have their role there too.

What this means in practical terms is that the relative ease of filling jobs is not only an important reason for giving more here and less there. It is the market's own verdict on the comparabilities ruling at any time. For example, it was true for many years, but has been less true recently, that it was easier for teaching and administration to attract good graduates than it was for productive industry. It was thus clear that established relativities, however "scientific," were wrong.

It is not surprising if a weak government fighting for survival, which in any case hankers after administered prices, should overlook these factors. However, the bill will be presented to the next Government, not only as a financial problem for a probable autumn budget, but as a tacit commitment to a woolly principle which could block efficient market adjustment. If the Opposition shares the mistrust we have stated here, it should say so. Silence means consent.

The lesson of Amoco Cadiz

THE INTERIM report of the Liberian investigation into the Amoco Cadiz oil tanker disaster off the Brittany coast last year puts into perspective the argument that was in common currency at the time—and which was subsequently echoed in an inquiry by the French Senate—that the prime cause of the incident was to be found in an incompetent crew sailing an ill-equipped ship under a flag of convenience and in a clash of personalities between the master of the tanker and the master of the salvage tug.

Reaction

The Investigating Board, which was headed by Sir Gordon Willmer, a former Admiralty High Court judge, found that the Amoco Cadiz was a relatively modern vessel built only four years earlier in a Spanish shipyard of world-wide reputation. She was equipped with all the latest navigation aids and had been classed in the highest classification by the American Bureau of Shipping. The company which owned her was registered in the U.S. and she was manned by an Italian crew, three of whom held a master's ticket and four of whom were qualified chief engineers.

The master of the tanker is severely censured by the Board for his "lamentable reluctance" to assume responsibility once his ship had broken down and in particular for his "inexcusable delay" in summoning assistance. But, while it is possible that a quicker reaction might have resulted in the arrival of a second salvage tug, the Board considers that it was by no means certain that the stranding and loss of the Amoco Cadiz would have been prevented.

The over-riding cause of the disaster was the failure of the ship's steering gear. Yet there is no way in which the design and installation of the steering equipment could be faulted under current international safety regulations. The steering system was operated by two pumps, but they were dependent upon a single hydraulic fuel system. Once this failed, the tanker was left without effective manoeuvring power. Save possibly for the speed with which help was summoned, the board believes that the disaster was inevitable once the steering had failed, given the ship's proximity to the French coast.

The board rejects any suggestion that the prolonged bargaining which took place between the masters of the tanker and the only salvage tug to arrive in time contributed to the disaster. It unhesitatingly accepts the evidence of the tug master, supported by documentary records, that he took immediate steps to make fast a tow without waiting for the conclusion of a contract.

The controversy over this point seems to have been irrelevant. It is nonetheless regrettable that the Board's attempts to pursue this as well as other aspects of the disaster should have been handicapped by a singular lack of co-operation if indeed not hostility on the part of the French authorities—and, to a lesser extent, by the refusal of the Amoco Cadiz's owners to release records of their radio conversations with the tanker master and their standing instructions to the ship's crew.

Co-operation

The owner's reluctance is perhaps understandable since the company faces very substantial civil liability claims from the French and other commercial and governmental interests hit by the disaster.

The underlying lesson from the Amoco Cadiz disaster is however the need for close international co-operation in promoting higher standards of safety at sea. Major tanker disasters are statistically relatively rare; but, when they do happen, the damage can be considerable. Standards have already been progressively raised and the Willmer board's findings point to a number of matters where further improvement is needed. It does not help if the official investigating teams set up to identify the lessons to be learnt from a disaster have to contend with a lack of co-operation by national authorities.

British prospects in China

BY JOHN ELLIOTT, recently in Peking

SOME OF THE CHIEF PROJECTS

INDUSTRY AND COMPANY	PROJECTS	PROGRESS	OTHER DEVELOPMENTS
STEEL PLANTS: British Steel Corporation and Davy International	£500m Peking Shoudu modernisation. £500m Tayeh alloy steel plant in S. China. £1bn to £1.5bn green field steelworks at Chitung, Shanghai. Modernising Anshan steelworks in N.E. China	£60m Shoudu plant orders in final negotiation and chasing £100m melting shop order. Final negotiations also on initial Tayeh design study. *Chitung and Anshan at early stages	BSC sold 350,000 tonnes of steel to China in past year and aims at 1m by mid-1980s. It could import Chinese minerals. UK experience in modernising old plants respected by Chinese
COAL MINES: National Coal Board and Powell Duffryn	*Design and equipment for reconstruction of two large mines at Yan Teschen and Sei Talku in Datong west of Peking. Setting up coal research laboratory	Peking Ministry of Coal "hopes" UK will start on one mine for which all contracts could be worth £200m. It is "still thinking" about the second. UK hopes also for laboratory	UK has refused to import Chinese coal but is to help market it*. Plant from companies like Dowty already in Chinese mines. Davy interested in project management
POWER STATIONS: GEC-Babcock and Wilcox in competition with Northern Engineering Industries.	Two coal-fired power stations—2 x 330-MW at Peking and 2 x 660-MW at Hsochow	Tenders being prepared for boilers and generators. Chinese say there are no foreign competitors	John Brown with Boving has told Chinese of UK hydro-electric experience*. Rolls-Royce and John Brown bidding for different gas turbine generators
AEROSPACE: British Aerospace with Rolls-Royce	Sale of Harrier jump jet and BA 146 feeder liner* and Airbus	Politically sensitive Harrier talks continuing. Other aircraft at exploratory stage	R-R Spey engine already made under licence in China. R-R to consider whether to collaborate on other engine technical development. Chinese would also like to make its own Harriers plus 146 components for world-wide sales
NON-FERROUS MINERALS: Charter Consolidated with Constructors John Brown and Seltrust Engineering. Davy, BP Minerals, and Rio Tinto-Zinc also interested	Development of China's extensive non-ferrous minerals reserves, may be with joint ventures	Charter-CJB with Seltrust submitting proposals this month for £1bn of design, engineering and equipment for copper, tin, lead-zinc, tungsten and cobalt mines. Talks later* on other exploration, iron ore mining and rare earths	UK-China minerals agreement signed last month. UK will import minerals as counter-trading for contracts and also hopes to import further to counter-trade on other industries like steel
RAILWAYS: British Rail and others	*General development of railway system	BR's Transmark consultancy trying for electrification of 80-mile Chinese stretch of Kowloon-Canton Railway	Transmark, Metro-Cammell, GEC and others well established on big Hong Kong railway projects
SHIPBUILDING: British Shipbuilders and others	*Modernisation of shipyards and sales to China of ships	UK has design engineering contract for Canton's Kwangchow yard and is chasing another in Shanghai	Helping modernise Chinese yards could ease UK sales of hovercraft, warships and cargo ships including SD 14s both direct to China and through Hong Kong
AUTOMOTIVE: GKN, Lucas, Smiths Industries, B-R Motors, BL, etc.	*Modernising factories, selling components, creating joint ventures	Some companies have submitted firm proposals. Others at early stages	UK main interest appears to be trucks and buses rather than cars
OIL AND PETRO-CHEMICALS: BP, Davy, John Brown and others	Development of off-shore oil fields and construction of plants and pipelines	BP has China's first off-shore survey contract and various companies have plant orders	*Off-shore survey work will create need for equipment, servicing, etc.
OTHER INDUSTRIES: Construction and agricultural equipment, diesel engines, *telecommunications, machine tools, computers, cigarette production, sugar production*, scientific instruments*, hotels	Undefined but extensive	Some at very initial stages	Industrialists on Varley delegation made extensive presentations

* Delegations to be exchanged between China and UK *soon*—some are in Peking now.

SUSPICIONS WHICH have been growing for the past few months that China will have to trim its massive industrialisation programme have been confirmed during the past couple of weeks. Japanese steel contracts have been held up and negotiators from Britain and other countries have also found that the Chinese are less willing than had been expected to sign large deals. There have also been reports that China is redirecting its modernisation programme towards its ailing agricultural industry and other light industries and away from heavy capital goods such as steel.

Senior Chinese ministers have admitted that they have been over-ambitious in their plans to buy major industrial projects from abroad. This was demonstrated when Mr. Eric Varley, Britain's Industry Secretary, was told last week in Peking by China's Prime Minister Hua Guofeng (Hua Kuo-Feng) that he was worried about phased payments for major orders. Mr. LiXiannian (Li Hsien-Nien), a senior minister for financial affairs explained that "it seems our ministers have a huge appetite for projects which means that the question arises of whether we can buy so much equipment abroad."

How far this retrenchment will go will not be clear till Peking's State Planning Commission announces detailed priorities. It is, however, already obvious that China has moved away from ideas of letting a single massive contract worth a billion dollars or more for a complete steelworks or coalmine. Now the tendency is to award a series of contracts for a hundred million dollars or so, and the Chinese are also making it clear that they intend to do as much of the work as possible themselves.

Thus companies can no longer claim that they know they will develop a complete oil field or steelworks. Instead, they must work slowly through the initial stage of handing over to the Chinese a *mass of their* expertise in an initially low-priced but costly design study in the hope that this will earn them favourable treatment later when important contracts are awarded. At the same time some countries—including Japan and the UK—have learned to their cost that the Chinese intensely dislike companies claiming prematurely that they have won large orders. The Chinese are not averse to punishing such an offender by slowing down and disrupting negotiations.

In spite of such problems, however, there is no evidence that competition for orders in China is slackening. The visit to China last week of Mr. Michael Blumenthal, U.S. Treasury Secretary, was seen in Peking as a sign that the U.S. intends to move fast to catch up with Japan and Germany, which are China's major trading partners, thus in the process overtaking lesser contenders such as France, the UK and Italy.

At the same time British industrialists who were accompanying Mr. Varley on a nine-day visit to China have also returned to the UK enthused with the prospects of winning important export orders. The fact that the UK has not secured major awards for projects such as steelworks, coal mines and power stations as fast as had been hoped did not discourage the ten leading chairmen and senior executives in Mr. Varley's party. Instead they returned grateful for the numerous doors to ministerial and officials' offices that had been opened during the visit and most of them now intend to step up their industries' and companies' sales campaigns.

The table above illustrates some of the major projects which UK industry is now pursuing and, although it is not exhaustive and does not include every British company seeking business in China, it illustrates the breadth of the field.

But turning the aspirations illustrated in the table into orders will not be easy. Competition is intense as is obvious to every visitor to one of Peking's main four or five hotels. The foyers of these cavernous establishments are full of businessmen from many nations. And the suites of bedrooms on the floors above have been turned into lines of temporary offices because, until a projected trade and office centre materialise, actual office space in Peking is scarce.

The newly arrived businessman does not find life easy. The Chinese are merciless in their wars of nerves aimed at wearing down a negotiator's will. This is well illustrated by a representative of a small but highly specialised British company who arrived in Peking seeking a £10m order. After his first four-minute interview with the relevent ministry he was shown the door and told "Ring us when you go home and we'll see you off at the airport."

He did not leave, however, and a morning or so later the phone in his room rang and he was invited back to make a full presentation of his product. Since then he has been back several times but even now, eight weeks after his arrival, he still spends his days sitting by his *bedroom* telephone *waiting* for the call that will tell him whether he has beaten his competitor from another European country.

The industrialists with Mr. Varley had a better initial reception because they were able to use him as a lever for securing interviews. But before they went for their first meeting they were warned by commercial experts at the British Embassy that nothing could be guaranteed. "Take all your papers and explain everything as fully as you can to the people you meet. Then after you leave they will decide whether you should go on and meet anyone else later in the week," was the normal briefing line. The Embassy's staff was stretched to cope with all the organisation needed and both the ambassador, Mr. Percy Craddock, and Mr. Varley are urging that the staff should be enlarged. Mr. Varley also believes it should be given some officials from his department.

But while extra embassy staff might help, the first problem that a company considering doing business in China has to face is the potential initial cost of winning orders. The British Steel Corporation and Davy have had anything from two to 40 people in Peking since September chasing steel works orders and experiences such as this made Mr. Varley's delegation realise that there is little point setting out on the Peking trail unless sure that one's product is precisely what the Chinese want at the present time. A company chairman who spent some time in the entrance hall of one of the main Peking ministries was horrified by the constant stream of delegations passing through for meetings. "Most of them must have been *wasting* their *time* and money because the Chinese couldn't possibly have been interested in most of them," he said later.

The main doubts about the largest orders hinge, of course, around China's ability to pay for even a small proportion of the *goods* it is being offered by its visitors. The country's favourable trade balance will soon swing into deficit and many of the *potential exports* that the industrialisation programme will generate will not be available for a few years yet. In the meantime the Chinese are basing their hopes on counter-trading. Generally this is thought to mean exporting coal and oil as mines and oil fields are developed. But during Mr. Varley's visit it emerged that the Chinese also hope, for example to sell their own relatively unsophisticated machine tools in exchange for buying higher technology versions from other countries.

Such ideas were given a cool reception by Mr. Varley's delegation because the UK already has enough coal, oil and unsophisticated machine tools of its own. So some time was spent trying to convert the Chinese away from their present narrow view of counter-trading in which an individual ministry—or even an individual bureau within a ministry—has to balance its own books. An extreme example of this narrow approach came from one industrialist who was told that there could not be a trade-off between British-made food-drying machinery and Chinese-produced tinned or frozen food because more than one ministry was involved.

Mr. Varley believes that the Chinese began to take a broader view during his visit. As a result he believes that Britain will no longer be required to import Chinese coal in return for building coal mines but will be allowed simply to advise and help the Chinese to market their coal around the world, possibly including three-way deals involving other countries.

Chinese leaders also showed themselves willing to consider aspects of capitalism that would have been ideologically unthinkable a year or so ago. During the past few months they have accepted the notion of credit, and a £2.5bn line of British credit was arranged to back up the £7bn economic co-operation agreement signed by Mr. Varley. They also seem to be prepared to enter into full joint ventures in areas such as minerals mining, aircraft and motor manufacture, and oil exploration—although precisely how this will work has yet to emerge.

But whatever forms of technical or financial partnership may be struck in the coming months, the basic problems are how China can fund its international debts in the immediate future and how willing its leaders are to run up large long-term financial liabilities abroad. Its ministers have made various attempts in the past year to fix a firm industrialisation plan and they have pinpointed 120 key projects for development by 1985. It is now clear that priorities are being trimmed and, as a result, companies around the world are waiting to see how the powerful central State Planning Commission chooses between the competing projects being promoted by Mr. Li's hungry ministers.

MEN AND MATTERS

Telling it like it is

Almost alone, it seems, the ebullient Dr. Rhodes Boyson, shadow education minister, is optimistic that he can inject at least some measure of parental choice into the dreadful Education Act, a veritable bureaucrats' charter, now working its way unremarked through Parliament.

"I spend my life being surprised by people," he says cheerfully about Clause 10 of the Act, which comes up early next week. This concerns the publication of prospectuses for State schools, which Boyson believes is as reasonable as companies publishing their accounts.

"The Government seems to accept the idea of a Freedom of Information Act," reasons Boyson. "It would seem people have a similar right to see the records of the schools they send their kids to. And they are not generally available."

As he points out, if something is successful no one is shy about telling the world the details. Would he be surprised if the committee did vote for freer information? "If it goes through I shall be more delighted than surprised."

Seeing himself as a libertarian rather than a doctrinaire right-winger, Boyson believes comprehensives have been working well in some parts of the provinces, in particular Oxfordshire and Cambridgeshire. Until 1974, he was himself head of one of London's best comprehensives. "It should be left to the local authorities what they want. I don't like central direction. I was suspicious of central government before I entered politics. I'm more suspicious now." One of his proudest moments, he says was when he persuaded the chairman of a university anarchist society that he really belonged in the Tory party.

Mayne moves

As remarked in this column a few days ago, the next head of the EEC offices in London is likely to be journalist George Scott. His path has been cleared by the announcement that the present head, Dr. Richard Mayne, is to become a special adviser to Roy Jenkins in Brussels. In simple English, he is being pushed upstairs.

Mr. Mayne's first task will be to make recommendations on the public presentation of EEC policies. Last night, he was listening to Mr. Jenkins give a talk at the Overseas Development Institute in London on one of the thorniest topics the Commission has to handle: "Europe and the Developing World."

"Top people I suppose . . ."

Skies reply

Praying for rain, it seems, brings optimum results when persistence is coupled with interdenomination. Readers may recall that the Jordanian Islamic Affairs Ministry declared a pray-for-rain day last Thursday. The answer came that night: half an hour of showers, hardly denting the six-week-old drought.

Jordan's top catholic Bishop then declared Sunday a pray-for-rain day for the country's Christians. The answer was exactly the same: half an hour of showers. No favouritism.

But now the Islamic Affairs Ministry has declared a second innings—a pray-for-rain day for this Friday. The skies have not even waited for the prayers. For the past 24 hours it has been raining solidly, I hear, throughout the kingdom.

Numbers galore

Latest government figures for production of malt whisky were greeted with a certain amount of scepticism north of the border. According to the Customs and Excise, Britain was, it going to be in a few years, when the stuff had matured. Official figures swelled production by several swimming pools-full, suggesting 50 per cent more malt—around 30m gallons—was distilled last year.

"We had a call from an American gentleman who wanted to go straight up to Scotland to see what was going on," the Scotch Whisky Association tells me. "Every distiller would have had to be working flat out. Things have been picking up, but not that much."

Out of action because of the Civil Service pay dispute, the Customs and Excise computer in Southend is not in a position to dispel the department's embarrassment.

Big art race

The jockeying for the directorship of the Tate Gallery will become more intense in the weeks ahead, now that the Civil Service Commission has finally advertised the job as vacant (salary, £15,000 plus). The retirement of Sir Norman Reid, the director since 1964, has long been anticipated of course. I gather the Marxist art critic, Peter Fuller is already running a book on the next incumbent.

The temperature has been raised, however, by the furious attack on current policies at the Tate by painter David Hockney. In an interview in The Observer last week Hockney slammed Reid's attitudes to contemporary art—*making* particular sport of the "pile of bricks" sculpture.

Although Reid will be making a sturdy rejoinder this Sunday, the hornets' nest aroused by Hockney may well buzz around the committee of trustees when they come to choose the new man. Although nobody could hope to please all of the artists all of the time, Reid as certainly alienated a lost them—and Hockney dared to say so.

Who are the front runners? One is Alan Bowness, a senior member of Courtauld Institute staff. "Inside" possibilities include Michael Compton, the Tate's keeper of modern art. A dark horse, if she will forgive the expression, is critic Marina Vaizey—who refused to comment when I asked her if she is in the race.

Amid the speculation and dialectics, Reid will have his swansong in May when the Queen opens the Tate extension. Considering all the delays over the air conditioning, which had to be replaced, he has just stayed on long enough for the occasion—he is likely to bow out in September.

A little extra

A cup of tea with several cubes of sugar might have seemed the best way to sweeten up the annual general meeting of Tate and Lyle yesterday. The final dividend was cut by 20 per cent, following a drop in pre-tax profits from £43.9m to £24.8m. The prospects for a recovery this year are said to be poor.

But the group chairman, Lord Jellicoe, nonetheless decided to push the boat out. After some discussion, the Board had decided not to cut the traditional drinks at the end of the AGM. "The only way of securing an increase in dividend is to drink as much free champagne as possible," said one shareholder, glass in hand.

Observer

POLITICS TODAY

Passing the buck to the people

OVER THE LAST few years referendums have become part of our political way of life. There was the vote in Ulster on ties with the United Kingdom in 1973. There was the campaign to let the people decide on British membership of the European Communities in 1975. Not least, there was the debacle in Scotland last week.

More of the same are promised, or perhaps one should say threatened. The Northern Ireland (Border Poll) Act 1972 lays down that there should be a referendum on what Ulster thinks about belonging to the UK every ten years. Mrs. Margaret Thatcher, the leader of the Conservative Party, has suggested the possibility of a people's vote if there should be a major confrontation between Government and trades unions or, as she prefers to put it, "between the unions and the people." It is by no means inconceivable that within the next year or two we shall be asked to vote on whether or not we wish to abolish the House of Lords.

In the background there is always the possibility of a referendum on capital, or even corporal punishment, or indeed on any subject under the sun. For all that has to happen to allow a referendum to take place is that a majority of the House of Commons should vote in favour of holding it.

Yet it is far from clear that, in the context of British politics, a referendum actually solves anything. The indecisive result in Scotland last week is the most obvious example, but there are others. The Ulster referendum in 1973 revealed no more than that there was a split between Catholics and Protestants. There was a turn-out of 61 per cent. Nearly 600,000 of the electorate voted to maintain the links with the UK. Not many more than 6,000 voted for union with the Irish Republic. There were about 5,000 spoiled ballot papers. What the result simply showed was that the Catholics, on the whole, did not vote.

It is possible that the outcome of the next Ulster referendum—in 1983 or thereabouts—will be somewhat different. There might well be a swing towards Irish unification. But it is stretching the imagination to suggest that it will require a referendum to tell us. The trends, if they exist, will surely be observable beforehand.

In retrospect, even the result of the referendum on Europe was less conclusive than it seemed at the time. The turnout was around 65 per cent. Among those voting 67.2 per cent wanted to keep Britain in and 32.8 per cent wanted to get out. The overwhelming commitment was that the issue had been solved for a generation.

On the day that the results were declared Mr. Anthony Wedgwood-Benn, the Labour MP who had in many ways been the father of the referendum, made the following statement: "I have just been in receipt of a very big message from the British people. I read it loud and clear. . . . By an overwhelming majority the British people have voted to stay in and I am sure that everybody would want to accept that. That has been the principle of all of us who advocated the referendum."

It is less than obvious that that is what Mr. Benn thinks today, though to be fair he now says he believes the whole question of referendums should be reconsidered. Even if one takes the cynical view that the referendum on Europe was no more than a device to hold the Labour Party together, that did not succeed either. Nearly four years later the Party is more divided on Europe than ever. The only difference is that the pro-Europeans are being steadily outnumbered, which was not on any reading the point of the referendum.

Yet if Mr. Benn was largely responsible for bringing the European referendum about, he had some distinguished predecessors. Calls for the introduction of the people's vote into British politics go back to the 1890s, and more often than not came from Conservatives. Dicey wanted one as an assurance against Irish home rule before the turn of the century. Balfour suggested a referendum on tariff reform in 1910 and indeed in the second general election of that year about one third of Unionist candidates put out election addresses proposing the use of the referendum to settle constitutional disputes. Churchill thought that it would be a good idea to have a popular vote on the question of female suffrage. He returned to the idea as Prime Minister in 1945 when he proposed a referendum on prolonging the wartime government beyond the fall of Japan.

It was not until November 1970 that Mr. Benn called for a referendum on Europe in a letter to his constituents. Even then it was opposed by the bulk of the Labour Party, including the leadership. The idea only really got off the ground when Mr. Enoch Powell and the Conservative anti-Marketeer, Mr. Neil Marten, tabled an amendment to the European Communities Bill demanding that the people be consulted. The Labour Shadow Cabinet swung round in support, though at the price of the resignations of Mr. Roy Jenkins, Mr. Harold Lever, and the then Mr. George Thomson.

One of the most interesting contributions came from Mrs. Thatcher when—with Labour back in office—the referendum proposal was finally debated. It was her maiden speech as leader of the Tory Party and it demonstrated an unsuspected ability to sit on the fence. Mrs. Thatcher was not entirely against referendums, but she warned of the dangers. "The immediate point," she said, "may be to register a popular view towards staying in the EEC. The longer-term result will be to create a new method of validating laws. What one Minister has used as a tactical advantage on the one issue today, others will use for different issues tomorrow."

Mrs. Thatcher admitted: "It is quite possible to put a democratic case for having referendum provisions." But she went on: "If a referendum is put forward seriously as a constitutional instrument, we should need to consider the different kinds of referendums involved and what they implied for the present rules and conventions of our political order."

In other words, referendums might be all right on some occasions, but it was necessary to be very careful about the circumstances in which they should be held and how they related to existing practices. Very probably, the holding of a referendum required a set of rules all of its own.

Yet it is precisely this question of the rules that has scarcely ever been discussed. Politicians and Governments have gone into referendums either blindly or with ulterior motives. Just as the vote on Europe may have been a device to hold the Labour Party together, so the referendums in Scotland and Wales can be seen as an attempt to keep the present government in power.

Mr. Michael Foot, the Leader of the House, originally opposed them on the perfectly reasonable grounds that devolution had already been the subject of widespread public debate and that the Government had a mandate to introduce it through its manifesto commitment. He changed his view when it became clear that the promise of referendums was the only way of getting the legislation through the House of Commons.

The question of the size of the popular majority required to allow devolution to proceed came up almost only by accident. Certainly it was not at the Government's instigation. The 40 per cent rule was the last fling of the hard core dissidents. It was accepted by the Government on the now familiar grounds that it was the only way of passing the Scotland and Wales Acts and, incidentally, of remaining in power. But one cannot easily argue that there was a serious debate about the role of referendums in British politics and how they should be conducted.

The Scottish result may—just may—have given some cause for thought. It was indecisive. After all the talk and all the publicity nearly 40 per cent of the Scots declined to vote. Among those who did turn out, and making allowances for the different feelings of different parts of Scotland, the result was inconclusive. The decision has been thrown right back at Westminster. The referendum solved nothing.

The outside observer will presumably draw two conclusions. One is that referendums as at present conducted in British politics are an expedient which do not even resolve a Government's or political party's internal problems, let alone the question put. The other is that if referendums are to take place in future there must be some coherent framework which says when they are permissible and how they should work.

Yet the only recent proposal for a more rational approach that I know of came in a paper* from the Conservative Research Department last year. It called for the creation of an independent body or Commission to draft the question to be put and to supervise the conduct of the referendum. It also suggested that it would be helpful if the Commission could try to establish ground rules for the conduct of future referendums well before the campaigns actually begin. (In Scotland this time, for example, it proved impossible even to agree on the rules for referendum broadcasts.)

Such proposals may be still inadequate. But unless something very like them is adopted, or at least seriously discussed, it will be difficult to escape the impression that what our unwritten constitution means in practice is that we make it up as we go along. The evidence that we do it well is beginning to fail.

Meanwhile, the Labour Party too might like to reflect on the words of Mr. Jenkins when he resigned as deputy leader in protest against the Party's accepting the idea of a referendum on Europe. "By this means," he wrote, "we should have forged a more powerful weapon against progressive legislation than anything we have known in this country since the curbing of the absolute power of the old House of Lords. Apart from the obvious example of capital punishment, I would not in these circumstances fancy the chances, to take a few random but important examples, of many measures to improve race relations, or to extend public ownership, or to advance the right of individual dissent, or to introduce the planning restraints which will become increasingly necessary if our society is to avoid strangling itself."

Malcolm Rutherford

* The Referendum and the Constitution. Published by Conservative Central Office, 32, Smith Square, London, SW1.

Letters to the Editor

Parliament must decide

From Mr. A. Duff

Sir, — Having read your analysis of the devolution referendums (March 5), I am still confused. What really are we to conclude from the results? That the issues were wrong or misunderstood or unpopular? For instance, we badly need to know whether the acts received so little public support (only 25 per cent of the Scots and Welsh electorate) because they devolved too many legal, administrative and economic powers, or too few. If the majority of the Scots and Welsh are neither nationalists nor unionists what are they? And how astonishing it is that the purportedly much-disliked EEC attracted far more of the votes in June, 1975 (Scotland 58 per cent, Wales 65 per cent) than the supposedly fashionable devolution measure in March, 1979 (52 per cent and 20 per cent respectively).

The British experience of referendums is not very illuminating. In both cases (1975 and 1979) Parliament made up its mind first and only then referred to the electorate—which might be thought to be doing things backwards. But in both cases the leadership of the political parties had been unable to prevent disunity within the ranks. This meant that the parties had insufficient political will to take a credible and sustained policy decision. Parliament was weak. The buck was passed to the people.

This time the people passed it back. The electorate, in its collective wisdom, has refused to decide on Parliament's behalf. In 1975, when Parliament's action was supported by the referendum, the effect was to strengthen that Parliament, to boost the confidence of the Government, and to go some way to healing the divisions within the parties. Now Parliament's action has been rejected by referendum and the opposite has happened. The effect of this problem of legitimacy on our representative institutions is important and uncertain.

Rather than re-examine the devolution issue, the first task of a new constitutional conference should be to study the whole question of referendums. The conference should include Mr. Benn who thinks that referendums benefit the legislative process by enlarging the public's rôle, and many other prominent politicians—like Mr. Heath and Mr. Steel—who believe that Parliament itself can handle public sensibilities.

Andrew Duff.
15, Mount Pleasant,
Cambridge.

Devolution defeated

From Mr. P. Mitchell.

Sir, — It should be obvious to all that devolution for Scotland was defeated at the referendum poll.

To say that even a majority of one in favour of devolution should carry the day is ludicrous. To compare the referendum with a General Election is a nonsense. Parliament was most generous in allowing the 40 per cent rule. Even 51 per cent would have been generous, because, as most of us know, major constitutional changes usually demand a two-thirds majority.

The Scottish National Party and all concerned should remember that 67.1 per cent of Scotland's voters did not vote yes for devolution. Surely we deserve some consideration.

A considerable number of politicians cannot accept defeat gracefully and this, above all, perhaps, is what makes the public disillusioned with politics and politicians.

Another lesson to be learned from the referendums is to listen to the demanding and vociferous minorities with more discrimination. Myself as a "no" voter almost did not bother to vote because I was almost sure, even despite the 40 per cent rule, that the "yes" vote would win.

If we can pause and think, I wonder what the result would have been if Mr. Callaghan and his Cabinet had been advising us to vote "no"? Surely it would have meant a substantial "no" victory.

It is time to forget about devolution — and if Mr. Gordon Wilson is thinking about promoting independence for Scotland again as Ray Perman, your Scottish Correspondent, says (March 5) then Mr. Gordon Wilson should remember that "Cauld Kale het up" never was as good as the original. Mr. Wilson nevertheless is a good representative for Scotland.

Devolution for all parts of the UK might be better, but then federalism is not exactly a howling success in the U.S. Incidentally, it was once thought that regionalisation in the UK would at least help the economy by saving us some money. That has turned out to be the joke of the century.

If we must have change, may I humbly suggest that Parliament discusses and considers at great length the best way to give us proportional representation. If it passes this as law, it will not be Utopia, but perhaps then we can concentrate on what is best for the country, and we can then look ourselves squarely in the face once again.

Peter G. Mitchell.
Southside, Fife Street,
Keith, Banffshire.

Gerrymandering fiddle?

From Mr. R. Fleming

Sir,—"Diabolical." "A squalid fiddle." "Gerrymandering." Was it? Parliament's stipulation that 40 per cent of the Scottish electorate must vote "Yes" if the Scotland Act was to proceed was no more than shorthand for saying: "We, the Union Parliament, are prepared — very reluctantly — to accede to Scottish demands for what may prove to be the first step in dissolving the Union, provided the people of Scotland indicate unequivocally that they really want us to. We are prepared to accept that they do if 8 (not 5) out of every 10 Scots voters turns out to vote, and if 4 (not 3) out of those 8 votes 'Yes'."

An ardent Scottish Nationalist friend, who subscribes to the "diabolical" view of that 40 per cent requirement, declared that it would have been fairer to require "two-thirds of those actually voting" to vote Yes—a common practice elsewhere for constitutional changes. In Scotland last week, where the actual turn-out was 63 per cent, that would have required a Yes vote of 42 per cent, not 40 per cent. In other words, "40 per cent of the electorate" simply meant "a two-thirds majority of a mere 60 per cent turn-out."

One other point has tended to be overlooked—namely the arithmetical fact that each 1 per cent drop in the Yes vote would close the gap between Yes and No by 2 per cent, not 1 per cent. In the event, it would have taken only one more person voting No instead of Yes out of every 100 entitled to vote (or 1½ out of every 100 who actually did vote) for the Scottish result to have been a dead-heat.

R. F. S. Fleming.
25 Newton Road, W2

Not much of a welcome

From the Solicitor General for Scotland

Sir,—In the Parliamentary Report of March 7 you report me as admitting that the Banking Bill "had received a more neutered welcome than had been anticipated." What a splendid insult that would have been to the distinguished noble Lords to whose telling speeches I had to reply! I wish I had thought of it! But I would not have dared to use it. Alas, all I could think of saying at the time was that the welcome was "muted." If I could have your correspondent's verbal imagination I'd be prepared to accept the hardness of hearing that appears to go with it.

McCluskey,
House of Lords, SW1.

Floating charges

From Mr. J. Penn.

Sir,—I fear Mr. Brian O'Sullivan (March 5) may have misled your readers on the subject of floating charges. Mr. O'Sullivan makes reference to S.322 of the Companies Act, 1948, and states, that subject to certain factors a floating charge created within 12 months of the commencement of a winding-up will be invalid. The "certain factors" Mr. O'Sullivan refers to, are in practice of great importance, for the section provides that the whole of the principal together with interest up to 5 per cent will be secured on any floating charge created within 12 months of the commencement of a winding-up. As to the balance of interest due (if any), the holder ranks as unsecured creditor.

James Penn,
Flat 3,
26 Guildown Road,
Guildford,
Surrey.

Paying the rates

From Mrs. C. Kirk

Sir,—Re Mr. Goddin's letter of March 3, another aspect of "ability to pay" rating, is that it limits freedom of choice as to how one may dispose of one's own, net of income-tax, income. Surely choice is what democracy is about? On a limited income I can now choose to live in a less "desirable" area, in order to be able to enjoy such adjuncts to life as entertaining friends, concerts/theatre, holidays, even abroad, because I pay rates on the present system. Rates based on "ability to pay" would deprive me of these assets, and the choice to thus save to provide them. A grander home where current rating and "ability to pay" more nearly matched, would be no compensation for losing such things as make life worth living.

Mrs. C. Kirk,
131, Arundel Road,
Dorking, Surrey.

Cost of a crown

From Mr. J. Skuse.

Sir, — Your item on dental charges in "Men and Matters" (February 27) is so lacking in depth of research and factual content that it gives a view of the dental profession which is not only inaccurate but also presented in a manner calculated to give the worst possible impression to the layman.

Your writer blithely opines on costs and fees relevant to crowning without giving any information relating to the different types of crowns and materials used in their construction. To quote a fee for crown construction is meaningless without specifying the type of crown or material used. By my calculation there are at least 15 different combinations of technique and material available for crowns at widely differing costs for which the laboratory of my choice would charge up to as much as £55 to £60.

While I can believe it is possible to have a crown constructed for £7.50, this could only be in the very cheapest plastic or porcelain and with an appearance and durability which may indeed be acceptable to someone, somewhere; but not in London, W1.

Next time your "Man" seeks a "Matter" to comment on, he might start asking how, since one can buy a car for £3,000, Rolls-Royce can justify selling cars for £45,000. This is a ridiculous comparison, but well in line with Men and Matters' offering.

John K. Skuse,
53, Portland Place, W1.

Coal into oil

From Mr. H. West

Sir, — Announcements have been made by the National Coal Board of the allocation of funds to study the conversion of coal to synthetic crude oil. This is a fortunate decision although it may be argued that economics of the project are poor. The maximum yield of oil obtainable from one long ton of coal is about 4 x 35 gallon barrels and 5,500 cubic feet of hydrogen gas consumed per barrel at present coal and hydrogen prices, the cost per barrel of these two items alone would approach the current price of North Sea oil, but oil prices can keep on rising indefinitely and the life of our oil reserves is uncertain.

Thirteen years ago conversion processes were being worked on in the U.S. under the sponsorship of the Office of Coal Research, a section of the Department of the Interior. In 1968 three such processes were ready for pilot plant trials but a new administration, taking a short-sighted view with economies the excuse, drastically curtailed the programme, thus losing years of lead time towards commercial operations. In 1973 the magnitude of this mistake became plainly evident and the U.S. is now striving to make up for time lost.

Fuel should not be the only concern of the Coal Board. The petrochemical industries consume hundreds of millions of gallons of petroleum (5,000m gallons in America in 1972). Sources other than fossil fuels will eventually take care of energy requirements but only coal or petroleum can provide petrochemical feed stocks. Probably, early in the 21st century coal will be the only source available for a petrochemical industry vastly greater than it is today. Actually, synthetic crude oil is a better feed stock than petroleum for aromatic petrochemicals such as benzene, toluene, the xylenes or naphthalene; and in addition there is the possibility of isolating a variety of intermediates not readily available from petroleum and with high potential value for new families of plastics, fibres and chemical specialties.

A comprehensive coal conversion industry could eventually be as big a boon to Britain in the 21st century as North Sea oil is today.

Herbert J. West
Small Dane, Stonepole,
Near Wadhurst, Sussex.

Miners' pay

From Mr. A. Boker

Sir, — The National Coal Board's offer to the National Union of Mineworkers includes an increase of £3.00 to £26.50 in the value of the standard output target at the face which, according to Mr. A. Scargill, does not keep up with the rate of inflation. Surely, inflation as such does not come into the argument since this is a productivity deal, the criterion for which requires it to be self-financing, under the Government's guidelines.

There appears to be considerable doubt as to whether the present productivity deal meets this requirement. In fact I can do no better than quote Mr. Norman Siddall, the NCB's deputy chairman, who, when asked recently about this aspect by the Select Committee on Nationalised Industries, was reported as saying it was "very difficult to assess. It is going in the right direction."

A. Baker.
46, Spring Walk,
Crabtree Park,
Worksop, Notts.

Radio 4's audience

From the Managing Director, BBC Radio

Sir,—I am sorry to dash the hopes of LBC and its advertisers, as reported on March 7, but BBC audience research shows that Radio 4's audience has not diminished as a result of the wavelength changes. In fact, Radio 4's audience has increased in recent weeks.

Aubrey Singer.
BBC, Broadcasting House, W1.

GENERAL

U.K.: Nurses' pay talks resume.

Confederation of Health Service Employees' demonstration over pay offer.

Building Societies' Association statement on mortgages.

Mr. Wm. Whitelaw visits new police control complex, Northampton.

Lord Thorneycroft, Conservative Party chairman, speaks at Party's West Midland area annual conference, Llandrindod Wells.

Mr. Anthony Wedgwood Benn, Energy Secretary, addresses Labour Party Scottish Region, Perth.

Today's Events

Dr. David Owen, Foreign Secretary, speaks at West Gloucester Labour Party, Lydney.

Overseas: President Giscard d'Estaing of France on official visit to Romania.

Mr. Andrei Kosygin, Soviet Foreign Minister, arrives in New Delhi on official visit to India.

OFFICIAL STATISTICS

Central Government transactions (including borrowing requirement) for February.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: BSR, Finlay Packaging, McCleery L'Amie Group, Midland Bank. Interim dividends: Audio Fidelity, George H. Scholes and Co.

COMPANY MEETINGS

Bet Brothers, Angus Hotel, Marketgait, Dundee, 12. R. and W. Hawthorn Leslie, Great Eastern Hotel, Liverpool Street, EC, 12. Sidlaw Industries, Meadow Place Buildings, Dundee, 12.

PREMIERE

Royal Philharmonic Orchestra and Chorus perform Cristobal Halffters cantata "Yes speak out yes," written in 1968

Plessey at £33m after static third quarter

PRE-TAX profits of the Plessey Company rose 3.1 per cent to £32.9m in the nine months ended December 31, 1978, following third quarter profits of £9.8m against £9.7m. Sales for the nine months advanced from £441.6m to £464.8m.

The Garrard business, which is being reorganised internationally, continued to incur losses, which for the nine months now stand at £3.1m.

Earnings per 50p share are shown at 2.82p (2.59p) for the third quarter and 8.93p against 8.59p for nine months. The interim dividend is 2.662p—in 1977-78, the total was 5.48043p including a first interim of 0.48707p and a second interim of 2.42p.

Order books stand at a record £819m, over 20 per cent higher than a year ago. The rate of growth divides equally between home and overseas, the directors say.

At home, demand for private telecommunications systems has continued to increase steadily and orders for public electronic exchanges have also increased during the quarter.

In the UK, the quarter's profits were reduced by some £800,000, mainly in the electronic systems businesses, due to internal labour unrest.

The Strowger production programme continues at a lower level of activity, due to changes in the British Post Office equipment policy. As a result, facilities at Edge Lane, Liverpool are under-utilised, and are incurring losses at the rate of £750,000 per month. Rationalisation measures have been taken to correct this position.

Overseas profit growth has not been fully reflected in the reported sterling profits. In local currency terms, profits earned overseas showed an improving trend during the quarter — December profits were up 14.5 per cent and profits for the nine months were up 5.2 per cent over last year.

However, when translated to sterling at the rates of exchange ruling at December 31, 1978, pre-tax profits for the quarter have been reduced by £300,000, and by £1.1m in the nine months.

	Nine months 1978 £000	1977 £000
Sales	464,800	441,600
Telecommunications:		
Public	107,400	121,500
Private	69,000	32,300
Electronic	127,700	111,100
Hydraulics, etc.	68,500	65,000
Electronic group	76,100	75,300
Consumer elect.	15,100	16,400
Trading profit	46,334	45,187
Depreciation	15,880	15,101
Operating profits	30,454	31,086
Telecommunications:		
Public	5,976	12,387
Private	6,208	5,267
Electronic	10,432	9,270
Hydraulics, etc., eng.	5,769	4,083
Electronic compnts	4,136	2,738
Consumer loss	2,137	2,540
Associates	9,359	7,542
Int. receivable	1,291	994
Int. payable	8,359	7,682
Profit before tax	32,948	31,941
Tax	11,070	10,950
Minorities	824	731
Attributable	21,121	20,260

See Lex

Dutch Shell net income at £1.09bn for year

NET INCOME of the Royal Dutch/Shell Group of Companies in 1978 finished 21 per cent down at 1.09bn compared with £1.38bn in the previous year.

The share of the Royal Dutch Petroleum Company amounts in £682m (£857m) and the Shell Transport and Trading Company's share is £404m against £520m.

With special dividends of £6m against £3m and other items of £1m (same) Shell Transport's net income is £411m, against £524m, and stated earnings per 25p share are 74.34p (94.74p). A one-for-one scrip issue is also proposed.

The rate of return on average net assets was 14.1 per cent, against 19.7 per cent in 1977. Adjusted for inflation on a current purchasing power basis, the 1978 rate of return was 3.3 per cent.

The decline in net income was mainly due to the FIFO method of stock accounting which is used by most Shell companies and which in 1977 had benefited the published results.

Other factors were higher FAS 8 currency translation losses, and a lower sterling contribution from Shell Oil Company of the U.S. and Shell Canada because of the weakening dollar.

Currency translation effects on stocks sold and monetary items calculated according to FAS 8, which continued to distort quarterly comparisons during the year, amounted to a loss of £108m in 1978 compared with a loss of £22m in 1977.

Net income for 1978 and 1977 includes the effect of modifications in accounting policies relating to exploration costs and lease capitalisations to conform with developments in U.S. generally accepted accounting principles. The restatement of 1977 for these changes increased net income by £37m, and 1978 net income by £49m.

The directors say that despite disappointing economic growth rates in many countries and continuing excess refining and tanker capacity, there was an improving trend during the second half from previously depressed oil trading conditions.

Shell Oil Company reports a 7 per cent increase in its dollar earnings over 1977 due to improved results from oil and natural gas production, and from increased sales volumes of refined products. Shell Canada's dollar earnings were down 2 per cent compared with 1977, reflecting lower net income from oil and chemicals products and increased corporate interest costs, largely offset by improvements in oil and gas production operations.

Due to the weakness of the U.S. and Canadian dollars, the sterling contribution of Shell Oil Company and Shell Canada to group net income was lower by 18 per cent in 1978 than in 1977.

Excluding Shell Oil and Shell Canada, sales volumes of oil products increased by 4 per cent over 1977. Oil trading results also benefited from increased sales of higher-value white products.

However, sales volumes of natural gas declined 5 per cent from 1977 due to lower sales of UK gas and lower Netherlands gas exports, partly offset by higher sales of German gas. Although chemicals sales volumes were 9 per cent higher than in 1977, general market prices for chemicals were weak throughout the year.

Many products continued to be in surplus with a consequent pressure on prices. Chemicals earnings remained clearly inadequate in relation to the levels of investment.

World-wide capital expenditure was £2.36bn, marginally higher than in 1977. This level reflected continuing high investment in oil and natural gas production in North America and Europe.

Long-term debt, including capitalised lease obligations, was £3.24bn at the end of 1978, representing 26.2 per cent of total capital employed compared with 26.5 per cent at the end of 1977. On a current purchasing power basis the ratio would be 16.3 per cent. Cash and short-term securities at the end of 1978 were £2.34bn (£2.16bn).

Shell is paying a final dividend of 6.986p making a maximum permitted total of 17.536p compared with 15.805p. The dividend total at Royal Dutch is maintained at Fls 10.75 with an unchanged final of Fls 6.75.

In cash terms, dividends for 1978 received or receivable from Royal Dutch/Shell amounted to the equivalent of 32.763p per share, or 15.227p per share above the maximum permitted distribution now proposed. This excess, together with postponed group dividends for previous years, amounts to 51.857p per share and will be available for distribution in due course.

	Year 1978 £m.	*1977 £m.
Revenues—		
Sales proceeds	29,212	28,484
Sales taxes, duties, etc.	6,267	5,761
Leaving	22,945	22,733
Other revenues	627	588
Share associates	307	417
Interest income	236	225
Making	24,115	23,963
Costs and expenses—		
Purchases and operating	15,877	15,571
Sellg., gen. and admn.	2,537	2,158
Exploration	338	351
Research and devpt	178	169
Depreciation, etc.	721	659
Interest expense	350	319
Tax on income	1,883	2,158
Minorities	165	201
Making	23,029	22,586
Net income	1,086	1,377

* Restated.

Crude oil supply for the year totalled 4,714 (4,647) thousand barrels daily; crude oil processed 4,242 (4,286), and oil sales, 5,494 (5,324).

Natural gas sales came to 6,439m (6,674m) cubic feet daily and chemicals sales proceeds were £2.47bn (£2.36bn).

See Lex

HIGHLIGHTS

Lex discusses the latest developments at Lonrho, where Kuwaiti interests tried to remove two directors at yesterday's annual meeting. Plessey's third-quarter figures are worse than the market expected and the company has had to hear heavy losses on the UK telecommunications side while Garrard is still in the red. Royal Dutch Shell has produced full-year figures which are not quite as disappointing as they may look. In the fourth quarter there was an improvement in margins, and prospects for the current year look good. Elsewhere, Transport Development's figures are much in line with expectations and Lex Service has lived up to its rights issue forecast. United City Merchant's half-year profits are below those of the comparable period but at least they show a substantial recovery over the previous six months.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
City & Commercial	0.97	Mar. 31	0.89	2.03	1.82
Corah	1.17	—	1.05	2.07	1.85
Crossfriars Tst. ...int.	1.35	Apr. 4	1.35	—	3.7
Derek Crouch	3.11	Apr. 5	2.79	4.39	3.94
Galliford Brindley int.	1.13‡	—	0.75	—	3.42
Goode Durrant	0.25	Apr. 26	0.13	0.26	0.13
Harris and Sheldon	1.74	Apr. 27	1.56	3.32	2.97
House Property Lond.	2.1	May 21	1.75	2.1	1.75
Hunt & Moscrop ...int.	0.36	May 25	0.33	—	0.78
Lex Service	2.7†	May 1	2.08	4.5	3.47
Needlers	2.01	May 4	1.5	2.01	1.5
New Equipment	0.66	Apr. 23	0.65	1	0.98
Plessey ...int.	2.66	July 2	2.42	—	5.48
R. Dutch/Shell	5.75§	—	5.75	10.75	10.75
W. N. Sharpe	2.72	Apr. 27	1.9	4.53	3.35
Shell Transport	8.99	May 22	6.83	17.54	15.81
Staffs. Potts. ...int.	1.13	Apr. 12	1.01*	—	3.16*
Stocklake ...int.	0.85	Apr. 5	0.75	—	2.87
Strong & Fisher ...int.	2.08	Apr. 5	1.87	—	4.7
Tavener Rutledge	nil	—	2.9	nil	5.81
Transport Dev.	2.35	May 11	2.06	3.6	3.19
UCM ...int.	0.45	May 31	0.4*	—	0.75*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce discrepancy. § In Dutch currency.

TDG advances to £19.79m but cautious on current trading

TAXABLE PROFITS of Transport Development Group advanced from £17.03m to £19.79m in 1978, on higher turnover of £219.45m against £192.62m.

The directors say prospects after a severe winter and the road haulage strike are hardly likely to be optimistic. The profits of February have not equalled the losses of January.

But, they add, there is great activity now, and while it would be quite unrealistic to expect half-way profits to measure up to those of the previous year, given the right climate and a continued high level of activity, the situation could be much improved by the year-end.

At the 1978 halfway stage, reporting pre-tax profits up from £8.96m to £10.35m, the directors said activity in the second half had been in line with that of the first six months, and it looked as though these conditions were likely to continue at least until year-end.

In the period under review, after tax of £9.48m (£8.13m) stated earnings before extraordinary items rose from 6.4p per 25p share to 7.45p. The net final dividend is lifted from 2.06225p to 2.35143p—subject to Treasury approval—making 3.60143p (3.18725p).

The extraordinary debit of £191,000 (£548,000) comprises deficit on conversion to sterling of overseas net tangible assets of £206,000 (£632,000), and profit less tax on sale of properties of £15,000 (£84,000).

Depreciation of £1.12m (£1.05m) is provided on freehold and long leasehold buildings for the first time in 1978, to comply with the relevant accounting standard. To show 1977 figures on a comparable basis, that year's building depreciation has been calculated at £1.05m by reference to the buildings valuation at January 1, 1978. Figures for that year have been revised accordingly.

Fixed assets totalled £127.68m, against £93.9m, while net current assets were down from £8.29m to £5.27m.

● comment

TDG's results are much in line with market predictions and the optimistic noises about current trading will give further satisfaction to followers of the shares. The big question, however, is how long the present level of activity can be sustained and at best investors can expect the same again in the current year. Looking further ahead future growth will almost certainly depend on overseas activities and in particular the storage side. Last year road haulage held up well while storage in the second half stood still: the emphasis of the group's investment strategy, however, is firmly on developing the storage interests.

Meanwhile Australian operations are currently suffering from a competitive road haulage industry and a dull economy—but this looks set to pick up in the next year or so. At the same time the group feels mainland Europe is another area where it can ultimately achieve better returns than in the UK. At 72p the shares seem fairly rated on a P/E of 9.3 and are well supported by a yield of 7.7 per cent.

Hunt & Moscrop decline

FOR the six months to December 31, 1978, turnover of Hunt and Moscrop (Middleton) rose from £6.6m to £10.68m but pre-tax profits fell from £690,000 to £664,000.

The directors explain that overall lower margins reflect larger than anticipated losses which continued in three subsidiaries, namely, Hunt-West, Chemical and Thermal Controls and Canadian Fans.

Action has been taken to redress this situation and these losses are not expected to recur next year.

Turnover in the second half is expected to be similar to that of the first, with profits slightly in excess of those now reported. Profits for the last full year totalled £1.45m.

The directors report that orders and prospects remain encouraging.

The net interim dividend is stepped up from 0.325p to 0.3575p at a cost of £83,776 (£76,160). Last year's total payment was 0.78276p.

The company manufactures industrial machinery.

UCM down but sees recovery

ON TURNOVER down from £89.9m to £78.41m taxable profits of United City Merchants finished the six months to December 31, 1978, behind at £2.03m against a previous £2.4m.

Mr. E. C. Sosnow, chairman, says that since the beginning of January trading has continued to be active in all sectors, the order books are full, and the backlog of shipments caused by strikes in the automotive and transport industries is being cleared fast. "We have every reason to look forward to improved results and to a very satisfactory second half," he adds.

After provisions and overseas contingencies totalling £857,000 profit for the whole of the 1977-1978 year came out at £2.85m compared with the previous year's record £4.1m.

On capital increased by scrip issue first half earnings are shown as 3.6p (4.6p) per 10p share, before conversion of the 10 per cent convertible subordinated unsecured loan units, and 2.9p (3.5p) after.

The interim dividend is effectively raised from 0.4p to 0.45p net—last year's final was an equivalent 0.34577p.

	Six months 1978 £000	1977 £000
Turnover	78,415	89,901
Profit before tax	2,032	2,401
Conv. loan int.	59	65
UK. O'seas tax	1,006	1,256
Minority interest	51	78
Available	916	992

Pre-tax profit of Pharaoh Gane and Co., timber company fell from £434,000 to £269,000 on turnover of £33.65m (£43.75m). Tax took £140,000 (£226,000) and minorities £25,000 (£40,000).

On turnover £3.98m (£3.12m), pre-tax profit of Stimpson-Perkins, leather company, was down slightly to £274,000 (£283,000). Tax took £143,000 (£145,000).

● comment

UCM is bouncing back and may be heading for a record profit in the region of £4.3m for the full year. The interim figures are down on those of a year ago but are well ahead of last year's second-half results. The timber operations and automotive activities are in the vanguard of the recovery. Timber did well because demand was once again increasing and prices were also moving in the right direction. In the automotive and engineering division order books at the beginning of the period were very full and these are gradually being turned into completed sales. The news on the leather front is still not encouraging, although there is hope of some stock profits due to rising prices that could help offset squeezed margins. The small banking operation had an encouraging period but the confirming business did not expand. The shares dropped 2p to 49p giving a fully taxed p/e of 6.2 and a yield of 2.5 per cent.

Strong & Fisher halfway upsurge

TAXABLE PROFITS of Strong and Fisher (Holdings), clothing and fashion leather tanner group, more than doubled for the six months to December 1, 1978 from £371,700 to £768,200. Turnover was up by £3.49m to £16.37m.

Profits for the 1977-78 year were well down at £657,000, compared with the previous year's record £1.84m, but the directors were confident of a substantial recovery in trading. The improvement was not expected to be fully reflected at six months, but more so for the full year.

First-half earnings per 25p share are shown as 7.6p (3.5p) and the interim dividend is increased from 1.87p to 2.08p net—last year's final payment was 2.83p.

● comment

Assuming a 10 per cent total dividend rise, the prospective yield of 8.8 per cent at 51p is a reasonable reflection of the wild fluctuations in the fellmongery and tanning trades. But in Strong and Fisher's second half, at least, the cycle looks to be going in the right direction. The group concentrates solely on sheep and lambskins but selling prices are responding to the surge in hide prices which have probably doubled in the last six months. So the 27 per cent interim improvement in leather turnover is solely attributable to an upturn in sales value which appears to be running ahead of the rate of cost inflation. Wearwell, where the group has recently raised its stake from 9.8 to 20 per cent, is on a recovery path sufficient to spur second half associate income but the high level of debt servicing costs looks to be a persistent problem. Gearing in the last balance sheet was higher than 1:1 and the high cost of financing credit for the export trade—over 70 per cent of overall sales—adds the interest rate variable to the trade cycle.

HUNT CHEMICAL

Philip A. Hunt Chemical Corporation, in which Turner and Newall has a 52 per cent interest, is to spend $3.4m on additional manufacturing facilities at its Limerock organic chemicals plant opened last year in Lincoln, Rhode Island.

SINGLO HOLDINGS

As a result of the conversion on February 28, of the 10 per cent and 12 per cent cumulative convertible preference shares, the total ordinary capital of Singlo Holdings is now £1,344,124.10 in shares of 10p.

Holders of over 5 per cent of this are Empire Plantations and Investments with 3,366,935 (26.5 per cent) and Caparo Investments with 3,573,370 (26.6 per cent). The balances of the preference shares outstanding amount to 14,642 of 10 per cent and 288,985 of 12 per cent.

ISSUE NEWS

Applied Computer share placing

A PLACING has been arranged for 10 per cent of the ordinary shares in Applied Computer Techniques (Holdings), a private company based in Birmingham selling a wide range of computer based systems.

The placing, which has raised approximately £1m for the owners, has largely been made with private clients of merchant bankers Singer and Friedlander, brokers Grieveson Grant and Dunbar, a small banking operation which shares a common director with Applied Computer.

This move could possibly be considered as a first step towards a full quotation, according to Sir Timothy Harford of Singer and Friedlander, but in the meantime the shares will be dealt on the Stock Exchange's unlisted securities market. Dealings are expected to start on March 15.

Profits for the company for the year ending March 31, 1979 are expected to be not less than £360,000 compared with £247,000 in the previous 12 months.

B. & Q. coming to market

A do-it-yourself and garden accessory company, B and Q, is planning a public quotation in May, according to Kleinwort Benson, the merchant banker which is preparing the prospectus.

The company was formed 10 years ago, operating from premises in Southampton. Today, B and Q has 26 outlets spread mainly throughout the south and south-east of England.

For the year to end January, 1979, the group made profits of nearly £1m from sales of more than £14m.

The founder of the company is Mr. David Quayle, chairman, who owns around 30 per cent of the equity. The balance is held mainly by the company's employees.

Lex service nears £18m—boost from Volvo side

...CORD PRE-TAX profits of ...92m for 1978 by the Lex ...ice Group compare with last ...ust's forecast of not less than ...n and with £12.48m in 1977. ...t half profits had risen from ...3m to £8.37m.

...asic earnings per share are ...wn at 27.61p against 20.59p ...re extraordinary items, and ...nal dividend of 2.7p makes ... expected 4.ap on capital ...eased by the rights issue— ... previous total was 3.465p. ...r. Trevor Chinn, chairman, ... the year was one of substantial progress, with the Volvo ...ness in particular achieving ...tanding results in buoyant ...enger car market.

	Year 1978 £000	1977 £000
...over	398,541	299,584
...ating profit*	22,375	18,487
...est	4,456	6,004
...t before tax	17,918	12,483
...	2,095	2,037
...profit	15,824	10,446
...ord debits	1,082	†3,252
...butable	14,742	13,698
... dividend	48	46
...ary dividend	2,673	1,303

* After all charges. † Credits.

...comment

...Service Group's rights issue ...cast of £17m pre-tax last ...ust has proved remarkably ...rate. Thus the near 44 per ... profit increase last year had ... widely discounted and the ...es added only 1p to 92p ...erday where the yield on the ...shadowed dividend increase ...6 per cent. The Volvo ...cle distribution business was ... driving force behind the ...'s upturn where the effects ... 37 per cent. rise in UK ...strations were boosted, if ...icially, by the £850,000 ...efit of new stock payment ...tices. The outlook for total private vehicle registrations ...979 is probably rather flat ... the year has apparently ...ed well with January Volvo ...strations 31 per cent ahead ...he corresponding month last ... Details of the performances ...aosport, plant hire, commer... vehicles and hotels must wait publication of the accounts ... paying tax at less than 12 ...cent, Lex is building up a ...ificant level of retentions to ... further impetus to recent ...nce sheet de-gearing. In ... context, another spate of ...tive acquisitions would ...e as no surprise.

...148,494 ...t New ...quipment

...r a surplus of £24,774 on ...al of fixed assets, pre-tax ... of New Equipment rose ...£115,045 to £148,494 in the ...to October 31, 1978. ...nover of this manufacturer ...tubular steel furniture was ...n against £1.79m. The net ... dividend is lifted from ...1p per 10p share to 0.66p, ...ng 0.995p (0.9301p). Tax ... £80,490 (£63,302). ... half-way, pre-tax profits ... up from £45,649 to £86,835.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Audio Fidelity, Bracken Mines, Kinross Mines, Leslie Gold Mines, St. Helena, George H. Scholes, Telefusion, Winkelhaak.

Finals—Ault and Wiborg, BSR, Downs Surgical, Finlay Packaging, McCleery L'Amie, Midland Bank, Joseph Shakespeare.

FUTURE DATES

Interims—

Burgess Products	April 5
Pilco	Mar. 23
Ricardo Consulting Engineers	Mar. 27
Second City Properties	Mar. 15

Finals—

BTR	Mar. 14
Cape Industries	April 3
Diamond Shamrock Europe	Mar. 16
East Lancashire Paper	Mar. 13
Gough Brothers	Mar. 16
Lead Industries	April 11
Parambe	Mar. 21
Refuge Assurance	Mar. 15
Tricentrol	Mar. 15
United Biscuits	Mar. 13

cable range, improved productivity and tight control of expenses and working capital. Although order books are currently better than a year ago, there is still room for improvement, they add. On earnings of 20.2 cents (5.5 cents) a dividend of 13.5 cents (7.5 cents) has been declared.

Scottish Cables well ahead

For 1978 Scottish Cables, 53.4 per cent-owned South African electrical cable manufacturing subsidiary of British Insulated Callendar Cables, announces pre-tax profits up by R2.31m to R4.11m. Tax takes R1.68m (R780,000). The directors attribute the profit improvement to development of the company's

Harris and Sheldon goes ahead

TAXABLE profits of Harris and Sheldon Group were well up to expectations for the year to December 31, 1978. At midway the directors said they expected profits would not be less than the £3.4m for 1977. In fact, the group pushed the pre-tax surplus up to £4.04m on turnover ahead from £35.94m to £41.11m.

After tax for the year of £2.06m, against £1.78m and an extraordinary debit of £109,000, compared with £55,000, stated earnings per share are up from 6.3p to 7.4p per 25p share.

The final dividend of 1.741p net lifts the total from 2.972p to 3.319p, and there is a proposed one-for-two scrip.

The group's interests include consumer products ranging from travel goods to sporting equipment, and capital goods which take in office equipment and general engineering.

Higher costs slow Corah

ON SALES ahead £3.5m at £36.63m Corah lifted taxable profits from £3.31m to £3.53m in the year to December 29, 1978. The knitted clothing and fabrics group, which is Marks and Spencer's largest supplier, say that increasing costs brought margins under pressure in the second half. At midway the surplus was up from £1.43m to £1.71m.

However, the company anticipates a further year of sales and profits' growth. The directors say that the forward order book for all areas of business is strong and that in the current year they will be concentrating on improving efficiency and productivity.

The year's pre-tax figure was struck after Canadian exchange losses down £100,000 at £112,000. Of the taxable profit £3.54m (£3.43m) was earned in the UK and £99,000 (£100,000) in Canada.

The Board says that direct exports increased by 30 per cent, but the cost of establishing new export markets reduced profits in the short term.

Tax took £835,000, against £1.17m.

Liquidity improved by £481,000 to £1.2m, while capital investment rose from £646,000 to £1.2m including the purchase of two premises.

The final dividend is lifted from 1.05p net per 25p share to 1.17p, making a total of 2.07p (1.8514p). Earnings per share before tax are shown as 12p (11.2p), and 9.1p (7.3p) after tax.

● comment

A disappointing second six months has left Corah's full-year profits only 7 per cent higher, compared with Nottingham Manufacturing's 13 per cent rise after stripping out an exceptional item. The reason for the second half slowdown is that costs jumped significantly as a result of the company's decision to employ an additional 300 people to handle the extra capacity coming on stream. Although difficult to quantify, these additional costs clearly took the shine off what was a more buoyant period of trading. This year Corah should start reaping the benefits of the expansion programme and the multi-fibre arrangement, although much will depend on the level of consumer spending. At 39p the shares are on a p/e of 4.2 (low tax charge) while the yield is 8.2 per cent —a rating supported by the company's association with Marks and Spencer, which accounts for two-thirds of group sales.

Securicor confident of growth

THE BROAD spread of operations and activities and favourable trends overseas, justify the expectation of continued growth in the years ahead for Securicor Group, says Mr. Peter Smith, the chairman, in his annual statement.

Looking at the short term, the chairman says that any worsening of national instability over pay and prices would add to operating costs and affect recruitment necessary to meet any expansion of demand.

These factors, allowing also for a period covering the initial development of the group's extended parcels service, would put pressure on UK profit growth in the short term, he states.

As already known, group pre-tax profits rose nearly 20 per cent to £5.42m for the September 29, 1978 year, on turnover of £121.1m (£100.8m). Security Services, the listed subsidiary, contributed £4.75m, on £116m turnover.

Group fixed assets increased £6.4m to £27m during the year and net assets by £9m to £30m.

Liquidity and working capital showed a marked improvement with cash and short-term investments at £11.6m (£6.6m) and overdrafts and advances down from £2.5m to £1.3m.

This derived from re-financing of European bank borrowings by a medium-term secured loan, from the proceeds of last June's rights issue and from improvement in retained profit.

Profit from overseas more than doubled to £620,000, in spite of a reduced return from the group's Malaysian company, now 51 per cent owned by local interests.

The chairman says this result reflects substantial improvement in Holland and Belgium, following strengthening of the local managements, and continued advances in all other territories.

Meeting, Eccleston Hotel, SW, April 4, 12.30 pm.

Scottish Western portfolio plans

Mr. J. A. Lumsden, chairman of Scottish Western Investment Co., tells shareholders in his annual review that the directors will continue to maintain a balanced portfolio based primarily on the major economies of the U.S., UK and Japan. But, he adds, there will be significant interest in other areas such as Brazil, Europe, Asia and Australia.

"Our objective is to achieve maximum growth in net asset value per share combined with a steady increase in dividends," he states.

As reported on February 13, earnings per 25p share are 2.7p (2.24p)—2.61p (2.15p) assuming full conversion of "B" shares—and the dividend is lifted to 2.55p (2.2p) with a final of 1.85p. Net asset value per share was 128.6 (110.6p). A one-for-two scrip issue to ordinary and "B" ordinary shareholders is also proposed. Pre-tax revenue rose from £1.94m to £2.48m and the available amount came out at £1.38m, against £1.13m.

Mr. Lumsden, warns that Britain should not be "lulled into a false sense of security," by the presence of North Sea oil. He says that this could, "further delay the measures necessary to improve the productivity of UK industry."

Meeting, Glasgow, April 2 at 11 am.

D. Crouch progresses to £2.8m

FOLLOWING THE rise from £0.93m to £1.15m at mid-way, pre-tax profits of Derek Crouch improved from £2.47m to £2.83m in 1978. Sales were higher at £42.8m against £30.85m.

In their interim report, the directors said that the group's liquidity position was strong and they were confident that the year's results would not be disappointing.

After tax of £1.48m (£1.22m) earnings per share are shown at 14p, against 12.91p. The final dividend is 3.111p lifting the total from 3.9387p to 4.3982p. Mr. D. C. Crouch, chairman, has waived the dividend to the extent of £51,000.

The Peterborough-based group operates in opencast mining, earth moving, civil engineering and building construction.

City and Commercial

After tax of £265,520 against £245,911, revenue of City and Commercial Investment Trust advanced from £429,859 to £479,721 for the year ended January 31, 1979.

A final dividend of 0.97p per 25p income share raises the total payment from 1.819p to 2.03p net.

Net asset value is shown at 213½p (182p) per £1 capital share.

REPORTS TO MEETINGS

Tate & Lyle warns of more refining cuts

BY TERRY OGG

FURTHER CUTS may have to be made by Tate and Lyle, the troubled sugar group, in its UK refining capacity, unless it can win support for the elimination of the price disadvantage which cane sugar suffers under the Common Market sugar regime.

Addressing shareholders at yesterday's annual meeting Earl Jellicoe, the company's chairman, emphasised "how essential it is for us that in our traditional UK sugar refining business demand and capacity should be brought into balance."

"Let me give you one vital statistic. Every 100,000 tonnes of surplus capacity means something in the order of £3m off our profits."

After the meeting he said it was too early to say that the company will be forced into cuts. The preliminary rounds of negotiations with the EEC on a new sugar regime are currently underway in Brussels and, by the year end, full details will have been worked out.

The company currently has capacity for around 1.43m tonnes and is producing 1.35m tonnes.

"If we reduce capacity further we will be moving very close to the 1.25m tonnes base agreed with the African, Caribbean and Pacific countries under the Lomé Convention," Lord Jellicoe said.

"I welcome the statement in the Government's recent White Paper on Farming and the Nation that it attaches the highest importance to the EEC's continuing Lomé Convention commitments for the import of cane sugar from the developing countries."

Sugar refining capacity was just one of the problems which led to a drop in profits from £43.9m to £24.6m in the year to September 30, 1978 and forced a 20 per cent cut in dividend. Other problems included shipping activities, starch and glucose operations, and the refined syrups and sugars activities in the U.S.

"We have taken, and are continuing to take, vigorous and sustained action over a wide front to get on top of those problems," the chairman said.

Turning to the outlook for the current year he said that it will be a hard struggle "to maintain, let alone improve on," last year's result. He indicated the first six months of the current year are proving difficult but that the second half "should show an improvement."

"Tate and Lyle is at, or very near, the bottom of its recession," Lord Jellicoe said. "Nevertheless it is evident that on any account 1979 will be hard going."

He said profits from the commodity trading activities would be "significantly lower than the extraordinarily good ones" last year. The present performance and prospects for trading in molasses "reflect a satisfactory pattern of growth."

On the dividend front he said that one of the main considerations in last year's decision had been the desire to establish a "baseline for dividends from which we could be confident of being able to move upwards."

Grand Met sees comfortable increase over last year

CURRENT YEAR'S profits will "comfortably" exceed the £115.9m of last year, Mr. Maxwell Joseph, chairman of Grand Metropolitan told the general meeting.

"Turnover in the first quarter of our financial year shows a substantial increase," he said, "although the second quarter's sales are obviously going to be seriously affected by the bad weather during the first two months of 1979, the proliferation of strikes all over the country, and very high interest rates."

In spite of this note of caution Mr. Joseph added: "Nevertheless I still feel confident that the current year's profits will comfortably exceed those of last year."

Commenting on rapid inflation, Mr. Joseph reminded shareholders that "there is our very large real estate portfolio to fall back on—totalling more than 13,000 properties. Property and land are certainly the most effective hedge against inflation in the UK, and I have no doubt that a revaluation of all our properties would undoubtedly show a very substantial surplus over book values, mitigating the worst effects of inflation."

He concluded: "In 1975, when our profits were less than £42m I said, "the long-term strategy of the group in the early 1970s would show massive benefits by the early 1980s. I am now glad to say that, subject to a major national crisis, the accuracy of this prediction is a foregone conclusion."

During the period of shareholders' questions, Mr. Joseph was asked about the £200,000 compensation to Mr. Eric Morley after his dismissal as chairman of Mecca and as a director of Grand Metropolitan last October.

Mr. Joseph said that Mr. Morley was with the company a long time and during that period had done "a first class job." He stressed that Mr. Morley's departure had come about as a result of a clash of personalities. "I do not regard the compensation payment as excessive."

T. COWIE

Mr. Tom Cowie, chairman of T. Cowie, said he was optimistic for the current year's results.

"Despite the nine week Ford strike, coupled with further disruption of vehicles supplied by the lorry drivers' strike, group net profit and sales for the first five months are at least on a par with the same period of last year; and conditions had now improved," he said.

GULF FISHERIES

Wide spread of investments

BY JAMES BUXTON

Gulf Fisheries, the company which owns a 21 per cent stake in Lonrho, is a substantial Kuwaiti investment company controlled by Sheikh Nasser al Sabah al Ahmed, a member of the Kuwaiti ruling family, and nephew of the Ruler, Sheikh Jaber al Ahmed.

Like many private Arab companies, the exact extent of its interests is not known, but they are believed to fall into four main categories. One is real estate investment, predominantly in the Arab world, where the group has property in Kuwait, Cairo and Saudi Arabia among other places. It also has stakes in Meridien hotels in the region, including Khartoum, the capital of Sudan.

A second area of investment is in publicly quoted companies on the Kuwaiti stock exchange. A third area is Sudan where, partly through Gulf International, the company owns a range of companies, including Sudan Textiles—which employs about 9,000 people — other manufacturing companies in such fields as pharmaceuticals, and aviation companies. It is the largest private sector employer in the country. The fourth main area of investment is the Lonrho stake.

Gulf Fisheries became involved with Sudan through the charismatic Sudanese entrepreneur Dr. Khalil Osman who, while working as a vet in Kuwait, attracted the attention of the Kuwaiti ruling family. He induced Kuwaitis to invest in Sudan during the 1960s, and it was he who, with Mr. Tiny Rowland, of Lonrho, conceived the idea of the vast Kenana sugar project in Sudan.

Both Lonrho and Gulf Fisheries took small stakes in the Kenana scheme, which Lonrho managed until May, 1977, when the management contract was withdrawn as a result of pressure from the Kuwait government. However the two companies retained their stake and last summer Lonrho rejoined the executive committee running the project, which is due to be completed at the end of this year.

The Kuwaiti stake in Lonrho was built up from 1974 onwards. In addition to the 2m shares held by Gulf International in May, 1974, Sheikh Nasser bought a further 8m shares in November of that year on behalf of himself and others.

In February, 1975, another Kuwaiti company, United Fisheries, bought nearly 9m shares, bringing the Kuwait government—United Fisheries' controlling shareholder—into ownership of Lonrho shares. Then, in December, 1975, the entire Kuwaiti stake in the British company was transferred to Gulf Fisheries and Dr. Khalil Osman replaced the United Fisheries director on the Lonrho board, where he joined Sheikh Nasser.

Next, in October 1976, the two Kuwaiti directors resigned from Lonrho, pleading the pressure of preoccupations "nearer home." Dr. Khalil later stressed that the resignations did not represent any loss of faith in Lonrho.

Some Middle East observers have suggested that the reason for the resignation was Gulf Fisheries' wish to avoid complicating the problems then developing between Lonrho and the Kuwait Foreign Trading Contracting and Investment Company (KFTCIC) over the Kenana project (KFTCIC holds the Kuwait government's stake in it). This has however been denied by Lonrho.

Stocklake rise to £767,000

A RISE in pre-tax profits from £587,000 to £767,000 in the half-year to September 30, 1978, is reported by Stocklake Holdings, exporter, importer and distributor, steel stockholder, financier etc. Turnover was higher at £11.78m against £11m.

The directors say results so far in the second half are satisfactory and they are confident that profits for the year will show an improvement.

After tax of £367,000 (£269,000), earnings per 25p share are shown to have risen to 9.5p (7.6p). The net interim dividend is lifted from 0.75p to 0.85p—last year's total payment was 2.66753p on pre-tax profits of £1.28m. Half-yearly retained profit stood at £364,000 against £286,000.

The directors say that, in the UK, the Adam and Harvey Group reported profits ahead of those achieved in the same period last year in spite of disappointing results from its textile and agricultural machinery interests.

Overseas, they add, the group's steel stockholding businesses in Africa continued to make progress. The Canadian shoe importing operation experienced difficult conditions during the period, but has since made a good recovery.

Profits of British Rhodesian Steel Company, which is not included in the main accounts, fell from £547,000 to £477,000 before tax of £232,000 (£253,000). Turnover was £2.51m (£2.71m).

Galliford Brindley advances

PRE-TAX PROFITS of Galliford Brindley rose from £1.03m to £1.23m in the six months to December 31, 1978 on turnover well ahead at £23.51m, against £17.82m.

The chairman says the first two months of this year were affected by bad weather and to some extent by the disruption caused by strikes in other industries.

He adds that the year's outcome depends largely on the company's ability to make up for time lost. However he expects a satisfactory result. In the whole of the previous year the group turned in pre-tax profits of £2.51m, against £2.36m.

The interim dividend is lifted from 0.75p net to 1.125p to reduce the discrepancy between the midway and final payments. Last year's final was 2.667p.

Tavener cuts loss with better last quarter

A RETURN to profitability in the last quarter of 1978 at Tavener Rutledge, sugar confectionery maker, trimmed the full year pre-tax loss to £345,499 compared with a £207,122 profit last time. The deficit included an exceptional debit of £140,552 arising from damaged goods.

At halftime, the directors reported a loss of £384,719 (£155,769 profit) which they now say had reached £500,000 at the end of nine months.

The major cause of the first-half loss was that the company geared and staffed its factory to a much higher production level than it could sell, which threw all costs out of line. Also, it was not able to restore normal margins on its biggest-selling children's count lines.

However, the directors were undertaking all measures necessary to bring the company back into profits.

No dividends are to be paid for 1978, compared with the previous year's total of 5.808p net per 20p share.

Interest took £127,942 (£75,891) and the loss was subject to a tax credit of £31,000 against a £49,203 charge.

Mr. Anthony Hyde, the chairman, warns that the current year has not begun well, due to the disruption of strikes and secondary picketing.

Members are told in his annual statement that for a period of weeks the company found it impossible to ship exports, because ports were effectively closed to it. In 1978, exports accounted for £3.34m of sales.

However, Mr. Hyde believes the steps taken to strengthen sales and marketing capability should, in due course, produce increased sales volume.

At balance date, group fixed assets rose from £1.89m to £2.09m, but net current assets were down at £170,696 (£367,026).

Meeting, Liverpool, March 29, noon.

Needlers more than doubled

PRE-TAX PROFITS of Needlers, chocolate and confectionery maker, finished 1978 more than doubled from £194,142 to a record £417,261 on turnover ahead from £5.42m to £5.71m.

The directors state that consistent profitability has been obtained since the reorganisation in early 1977. But the effects of extra costs and lost sales in January of this year, due to the transport strike, has resulted in a poor start to 1979.

The directors are in some doubt as to whether the company can reach the same profit levels at the end of this year, but they say long term prospects remain good.

At the interim stage there was a turnround from a loss of £35,200 to £168,700 profits, and the directors said they expected the level to be maintained for the rest of the year.

Pre-tax figure for the year included an extraordinary credit of £10,565, compared with a previous £51,915, but was subject to tax of £22,008, against £17,392.

Earnings per 25p share are shown at 18.8p (5.7p) and the dividend is increased from 1.5p to 2.01p net, the maximum permitted. But for dividend control the directors say a higher payment would have been recommended.

Reserves have been increased by nearly £750,000, which included £391,000 on a revaluation of land and buildings, mainly on an existing use basis.

lake ris

7,000

MINING NEWS

Amcoal is heading for another good year

BY KENNETH MARSTON, MINING EDITOR

FRESH increase in earnings is in store this year for the South African Anglo American Corporation group's Anglo American Coal Corporation. The chairman, Mr. Graham Boustred, points out in Amcoal's 1978 annual report that both the group's coal sales and industrial interests are forecasting a good year, "and I am confident that Amcoal's profits will be at a higher level than in 1978."

Last year Amcoal lifted profits by a better than expected 11.4 per cent to R52.7m (£30.9m) despite continued weakness in the South African domestic market. But the group's collieries held their cost increases down to a creditable average of ... per cent against South Africa's inflation rate of 11.6 per cent.

The export demand for South African coal continued to rise: the big Richards Bay Coal Terminal achieved a throughput of ...m tonnes for the year and it is anticipated that by this month its design capacity of 12m tonnes a year will have been increased to 20m tonnes.

● comment

Amcoal's coal sales last year realised an average price of only R8.62 (£5) per tonne, compared with R7.70 in 1977. The better average price resulted from higher sales in the much more profitable export market. Amcoal, like the other South African coal producers, is eagerly looking to further export opportunities for the alternative energy fuel, especially in the light of the continuing oil crisis that has not been helped by the events in Iran. The vital Richards Bay export route for South African coal is expected to be fully stretched this year and its expansion now being studied will offer Amcoal the opportunity to raise its exports from 4.9m tonnes last year by a further 4m tonnes.

Mr. Boustred warns, however, that the capital cost of new coal mining capacity has risen and that while coal is establishing a renewed position as a major fuel for the growth of electricity demand in the developing countries, environmental and other difficulties have delayed the new coal-fired power stations with the result that coal supply has exceeded present demand. Even so, Amcoal should still come right in the long term; the group's coal reserves now amount to an awesome 6.6bn tonnes—and with the additional options secured over 19,000 hectares of land, the target is in excess of 9bn tonnes. Eventually, Amcoal could be mining around 100m tonnes of coal a year (the forecast increased output for 1979 is over 30m tonnes). But Amcoal shares, now yielding less than 5 per cent, are demanding a good deal of faith in the future of South Africa and also in that for the prospects for coal in the unfathomable interim period before the edvent of adequate nuclear power.

Canadian tax reform urged

THE CANADIAN mining industry's pleas for changes in the federal-provincial taxation structure have been reinforced by a study, published yesterday, which argues that damage is being done to the industry and that existing taxation policy is a "very blunt instrument."

The study, by Professor Brian Mackenzie and Assistant Professor Michel Bilodeau, was released by the Centre for Resource Studies at Queen's University, Kingston, and is based on an analysis of 124 base metals deposits discovered in Canada between 1951 and 1974.

The authors say that the effects of taxation, which are ... harmful in Manitoba and British Columbia, are to inhibit investment and to reduce the potential benefit to society through the creation of new wealth.

Independent junior exploration companies suffer most from the present system, as special allowances place larger companies in a more favourable tax position. Junior companies have little or no existing income, the study points out.

A difficulty, according to the authors, is that the level of taxation is not related to the ability to pay. The system ignores different geological environments and is the more damaging because of inflation.

Among the recommendations for a revised policy advanced by the study is the need to avoid short-term adjustments. This ties in exactly with the demands of the industry, which, in December 1978, singled out "the requirement for stability and uncertainty" as a major objective.

The Mining Association of Canada was at that time commenting on the results of an official federal-provincial taxation review which followed a meeting of federal and provincial ministers. The review adopted this objective and two others which the industry considered "especially significant."

The two other objectives were the recognition in the tax system of the cyclical nature of the industry and the recognition that tax levels should permit an adequate rate of capital investment and development.

Expansion for Renison tin

Australia's premier tin producer, Renison, the world's largest underground tin mine, is to expand annual ore production to 850,000 tonnes from the present capacity of 630,000 tonnes.

Renison is a directly owned subsidiary of Consolidated Gold Fields Australia, which is 70 per cent owned by London's Consolidated Gold Fields.

The expansion programme, which is scheduled for completion by late 1980, will cost approximately A$18m (£10m) and will be funded from the company's own financial resources.

The programme is primarily concerned with the expansion of the concentrator itself, but will also include increasing mining and service facilities and the provision of additional housing and associated infrastructure in Zeehan, Tasmania.

In 1978 Renison milled 590,119 tonnes of ore to produce 5,363 tonnes of tin metal in concentrates. The recent strong profit performance by Renison was a major factor in the much improved results announced last week by Gold Fields Australia, which lifted half-year net profits to A$4.88m from A$2.79m a year ago.

BIDS AND DEALS

Cannon Assurance sold to Canadian group for £9.6m.

BY ERIC SHORT

Keyser Ullman Holdings is selling Cannon Assurance for £9.6m cash to Inland Financial Company, the insurance division of the Cascade Group based in Calgary, Alberta, Canada.

Cannon Assurance, as International Life Insurance (UK), was the UK member of Mr. Bernie Cornfeld's empire—Investors' Overseas Services. Control of ILI was acquired in 1972 by Keyser Ullmann, with a smaller stake being purchased by Tory MP, Mr. Edward du Cann, who was then Keyser's chairman.

Protracted litigation followed between the IOS liquidators, Keyser Ullmann and Mr. du Cann, in which a settlement was reached last May. Once this litigation was out of the way, Keyser's had the choice of trying to acquire the minority shareholding (it owns 85 per cent of the shares) or selling Cannon and using the proceeds elsewhere.

Mr. Derek Wilde, the chairman of Keyser, said that it would have cost £3m to have acquired the outstanding shares and this would have meant about one quarter of Keyser's capital £10m out of £40m would be locked into a company not engaged in banking. The sale of Cannon was in line with group policy to concentrate on developing its banking operations.

Keyser will receive £6.34m for its shareholding, compared with the cost of investment of £2.6m. It is already negotiating for a small bank in France—involving an outlay of between £2m and £3m. It had plans for expansion in other overseas countries as well as in the UK.

Mr. du Cann, who holds 15 per cent of the equity of Cannon, will receive £1.4m from the sale—a profit of about £1m on which he will pay Capital Gains Tax. Keyser, because of accumulated losses do not expect to pay any substantial CGT. Most of the other shares are held by a group of private American investors including Mr. John Templeton and Mr. George Delacourt. They have accepted the offer.

Cannon Assurance specialises in the unit-linked assurance field, in which it was a pioneer. Its marketing efforts are devoted primarily to direct sales, with insurance brokers only supplying a minor share of the business. At the end of 1977, its life fund was £129m.

The Cascade Group was founded by Mr. Alan Graham, a Scotsman by birth, about 20 years ago. Its interests originally were property development and ownership—it developed the largest chain of geriatric nursing homes in Alberta. Since the early 1970s it has concentrated on finance and insurance.

Cascade has total assets of C$652m and an operating surplus of C$63.6m. The projected after-tax profit for 1979 is C$22m. Mr. Graham says he does not expect to make any management or staff changes. Mr. du Cann continues as chairman, and Mr. Richard Ellis as chief executive. Two Cascade appointees will be joining an enlarged board. Mr. Graham regarded the purchase of Cannon as a base in the UK from which to develop further.

CU OFFERS MORE SHARES TO SOUTH AFRICAN PUBLIC

Commercial Union Assurance has taken the second step in reducing its commitment in South Africa by offering the public 2m shares in Commercial Union Assurance Company of South Africa. The offer has been underwritten at 215 cents per 50 cent share and is pursuant to a listing for CUSA's ordinary shares in Johannesburg.

Last month the CU announced that it was selling 30 per cent of the equity capital of CUSA to Gold Fields of South Africa. This represented the first step towards implementing an undertaking by CU that local participation would be introduced. The sale of a further 25 per cent of the equity capital means that CU's shareholding in CUS will be only 45 per cent.

Mr. Jack Emms, general manager of CU, stated that there was no plan for a further reduction in the shareholding.

KPS LAND ACQUISITION AGREED

Plantation Holdings has agreed with Kumpulan Perangsang Selangor Bhd—owned by the State Government of Selangor—that KPS has the right to acquire land on the Brooklands Estate at a fixed price of M$4,000 per acre. An agreement of this sort has been forecast by Plantation Holdings.

KPS will take land which is required for mining, an area amounting to not more than 4,200 acres out of a total of 5,761 planted acres. The land will be acquired in tranches as and when needed. The initial land will be required in some two year's time. The palm oil mill and later processing factory on the estate will not be affected.

As a result of this agreement, the gazetting order on Brooklands Estate will be withdrawn.

TARMAC

Tarmac has required Mountain Limestone and Halton East Quarries in a deal worth £1.2m. The companies operate a quarry in North Yorkshire and a coated roadstone processing plant on an adjacent site.

Under the terms of the deal Tarmac is to pay £800,000 in cash with the balance of the purchase price to be met in a year's time through the issue of Tarmac shares.

According to Tarmac the two companies utilise assets of £800,000.

Inchcape U.S. acquisition

AS PART of its policy to expand its operations in the U.S., Inchcape, the British-based international trading conglomerate, has bought an 80 per cent shareholding in Marshall International Trading Company Inc of Chicago, Illinois.

No consideration is disclosed but Inchcape says that the purchase represents less than 5 per cent of its consolidated net assets.

Marshall has an annual sales volume of over $55m (£27m). In its last financial year ending December 1978 it showed after-tax profits of about $2.5m (£1.23m).

Marshall has two operating companies. J. D. Marshall International Inc., one of the largest export sales and marketing organisations in the U.S., specialises in overseas business and Marshall Electronics Inc. imports, assembles and distributes medical equipment and hospital supplies. But there is no involvement in the electronics industry despite the company name.

SIME/GUTHRIE

Sime Darby Holdings has written to Guthrie Corporation shareholders urging them to accept the group's latest offer.

Sime is bidding 860p cash plus three of its shares for every two Guthrie shares—with an alternative all-cash offer of 523½p a share.

Tan Siew Sin, the groups chairman, ...said ...that ...the increased offer gave full recognition of Guthrie's assets and recently improved trading prospects. "This is our final offer. It will not further be increased."

JRT URGES ACCEPTANCE OF ARMITAGE MERGER

The bitter takeover bid by Norcros, the diversified industrial group which owns Hygena furniture, for H. and R. Johnson-Richards Tiles continued yesterday with Johnson-Richards urging its shareholders to accept its own merger plans with Armitage Shanks.

Johnson-Richards shareholders are told that forms of acceptance for the Johnson-Armitage merger are due by March 12, not later than 3 pm.

Mr. J. Alec Done, chairman of Johnson-Richards, warns shareholders that they would lose the higher income available from Johnson Armitage, which has exemption for two years from dividend control, "if Norcros were by a mischance to acquire Johnson-Richards."

"As set out in my letter of March 2, this income for the coming year will be 17½ per cent higher than would be available from Norcros — even if Norcros were to raise its dividend by a further 10 per cent for the year."

Johnson-Richards also revealed yesterday "that it would appear that in the past 17 days, unpledged public shareholders representing 0.6 per cent of Johnson-Richards shares, have accepted the Norcros offer."

RHP buys electronics group for £2.44m

Ransome Hoffman Pollard, the precision engineering group, has paid £2.44m for R.I.C. Capacitors, a private company which makes capacitors and printed circuits in Romsey.

The purchase has been satisfied by the issue of 2m RHP ordinary shares, the issue at par of £1.077m nominal of 10 per cent unsecured loan stock, and £123,000 in cash.

Net assets of R.I.C. amounted to roughly £1.25m at September 30, 1978 and pre-tax profits for the year ended on that date came to about £460,000.

RHP directors say the acquisition will broaden the range of the group's profitable interests in electrical components.

GULLIVER HOTELS

Gulliver Hotels has acquired the Swan Hotel, Streatley-on-Thames, Berkshire. Gulliver already owns The Watermill Hotel and White Horse Inn, Bourne End, near Hemel Hempstead.

NO PROBE

The proposed merger between Hawker Siddeley Group and Westinghouse Brake and Signal is not being referred to the Monopolies and Mergers Commission.

U. U. Textiles back in profit

Following its merger with E. Salbstein last December, U. U. Textiles returned to profitability in the six months to December 30, 1978 with a £24,500 pre-tax surplus, compared with a forecast of not less than £20,000 made at the time the merger proposals were announced.

The results included figures from Salbstein, with the comparative loss of £8,300 for the same period of 1977 restated as if the merger had been in force throughout that year.

Stated earnings per 25p share were 1.01p compared with a 0.51p loss, but again no interim dividend is to be paid—the last payment was for 1974-75.

Last October, the directors said that following reorganisation, the foreseen increase in profitability of the enlarged group should eventually permit the resumption of dividends, although it was not possible to say when.

They now state that trading conditions, while remaining difficult with volume orders and reasonable margins hard to achieve, did improve and current order books are reasonably buoyant.

For the 14 months to June 30, 1978, the old group incurred losses of £196,000, after crediting £133,000 temporary employment subsidy.

The directors say that, despite the recent national industrial unrest and severe weather, planned production levels have been maintained. And provided there are no further major industrial disputes, they say their aim will be to recover lost ground by the end of the year.

After lower tax of £31,000, against £34,000, stated earnings in the period under review rose from 6.83p per 25p share to 7.66p. The net interim dividend is effectively increased from 1.012p to 1.13p—last year's total payment was equivalent to 3.16p on pre-tax profits of £1.25m.

Goode Durrant expands in second half

THE RECOVERY, reported at halfway by Goode Durrant and Murray group, the international finance operation, continued strongly in the second half of the year to October 31, 1978.

The company made a year-end taxable profit of £900,000, compared with a loss of £4.64m. At midway it staged a turnround from a £508,000 loss to a pre-tax profit of £286,000.

The dividend is doubled from 0.125p net per 5p to 0.25p, and stated earnings per share are 2.2p, compared with a 13.1p loss.

The improvement, in profits, was made on turnover down from £74.32m to £50.45m, and follows the re-shaping of the UK businesses which the directors said was beginning to show results at halfway.

The loss for the whole of last year was almost entirely accounted for by the building company Rawlings Bros. which is now a wholly-owned subsidiary. Rawlings made a loss before tax of £4,636,000 following a substantial write down of the value of development land and a trading loss. At halfway the subsidiary's deficit had been reduced from £531,000 to £35,000.

At halfway the group directors said they viewed the group's prospects for the remainder of the year with confidence.

For the period under review tax takes £245,000, against £23,000. There is an extraordinary debit of £192,000 (£136,000) and minorities of £30,000, compared with a credit of £1.52m. Dividends absorb £77,000 (£47,000).

W. Sharpe at record £3.7m

A SECOND half profit of £2.41m against £1.89m, at W. N. Sharpe Holdings, fine art publisher, has lifted taxable profits for 1978 from £2.87m to a record £3.7m.

Turnover was up from £8.84m to £10.59m and profit figure included £443,157 (£382,883) gross investment income, and £84,088 (£80,731) surplus on realisation of securities.

Tax charge took £1.87m against £1.41m and the balance was boosted by a £923,860 extraordinary credit, represented by profit on disposal of investments, less tax.

Earnings are shown as 25.6p (20.5p) per 25p share and the dividend is lifted to 4.52645p (3.3453p) net with a final payment of 2.7202p. The directors say the total is higher than forecast having regard to year's results.

Midway rise for Staffs. Potteries

PRE-TAX PROFITS of Staffordshire Potteries (Holdings) rose from £409,000 to £458,000 in the six months to December 31, 1978, on turnover up from £5.08m to £5.76m.

WHITE MOTORS-MAN LINKS

Busy transatlantic highway

BY JOHN WYLES IN NEW YORK

CALLING IN the old world to help solve some of the difficulties of the new is fast becoming an American business tradition. Last week, White Motors became the latest U.S. company to opt for a "European solution" for its problems.

But the decision to sign a preliminary agreement allowing Maschinenfabrik Augsburg Nurnberg (MAN) to invest about $76m for slightly more than 50 per cent of the company was not White's first attempt to forge a transatlantic partnership. In 1975, White negotiated for a time with Daimler Benz, MAN's West German rival in commercial vehicle markets, which could have led to control passing to Daimler in return for a $100m injection of capital.

One of the attractions for Daimler, to which MAN has now succumbed, was the opportunity to acquire manufacturing assets which could have produced a line of its commercial vehicles. Daimler's Mercedes Benz subsidiary announced in January plans to build its own assembly plant in Virginia at a much more modest cost of $6.6m. For 12 times that amount, MAN will be gaining control of a company whose book value per share is more than three times the $8 to be paid and whose current problems, though serious, are less formidable than the crisis which formed the background to White's negotiations with Mercedes in 1975.

Than, there were doubts as to whether the 74-year-old Cleveland company could survive. The 1974-75 recession sliced more than 20 per cent off the volume of the U.S. truck market and nearly halved White's sales just when the company's debt equity ratio was climbing towards parity under the weight of financing a new line of trucks and a new assembly plant at New River Valley, Virginia. This was the major initiative launched by Mr. S. E. "Bunkie" Knudsen who took over as chairman and chief executive in 1971 after successful careers at General Motors and Ford.

In addition to a capital injection of $76m White Motors will be looking for other aids from West Germany's MAN under a preliminary pact recently signed. MAN's ambition is a wider entry into the American market

White's sales collapsed, creditors shut their doors against any further loans, and White was forced into a wrenching sale of assets including engine businesses and off-highway hauling equipment. This left White as a manufacturer of heavy duty trucks and of farm machinery whose market share and profit margins in both areas compared very unfavourably with some of its main competitors.

A deficit of $69.4m in 1975 was turned round into a $17.9m profit in 1976 since when the record has been extremely patchy. Net income of $326,000 last year was effected by a number of special factors but it looked bad in comparison with 1977's net profit of $19.5m.

Among other things, White was suffering from nearly the full impact of Consolidated Freightways' decision to take over the distribution of its Freightliner brand of heavy trucks. Apart from making it more difficult to sustain White's very reputable dealer network, loss of Freightliner distribution has sliced nearly $400m off White's sales figures.

This has been no great help in the company's struggle over the past four years to reduce debt and overheads and to widen profit margins.

Progress has certainly been made on reducing the debt burden which stood at $95m at the end of last September, compared with $299.6m at the end of 1975, but interest expense is still high and climbed $6.4m last year because of high rates.

In the middle of 1977, White introduced a new line of trucks based on a wide range of common parts — 20,000 different parts compared with 100,000 for the previous truck line. This has helped raise operating profit margins from 1.4 per cent in 1977 to 2.1 per cent last year. But this compares with 5.5 per cent at Mack Trucks and more than 7 per cent at Freightliner.

Neither is farm mechinery, which accounted for $307.8m of White's $1.09bn 1978 sales, a great money spinner with an operating margin of just over 2 per cent.

Quite apart from the capital injection which will help reduce its debt burden, White must be looking for a variety of aid from MAN to strengthen the company. Dollar sales of its trucks last year rose 27 per cent to $562m but this gain is clearly at the expense of profit margins and has been achieved by selling substantially below some competitors' prices. Last year, White took 7.2 per cent of the heavy duty truck market which was dominated by International Harvester (28.6 per cent), Ford (19.7 per cent) and Mack Trucks (14.8 per cent).

MAN is certain to want to produce a medium duty diesel truck at the New River plant and there have recently been suggestions that it would like to produce a development of its articulated bus design which has been manufactured by American Motors bus subsidiary, AM General. MAN is ambitious and looking for growth from the American market and for White Motors the next few years look likely to be no less turbulent, although hopefully more profitable, than the recent past.

Woolworth and Rockower end license agreement

NEW YORK — F. W. Woolworth and Rocower Brothers said they have reached an agreement in principle which will result in the termination of all Rockower licenses to operate men's and boy's departments in U.S. Woolco department stores.

They said the proposed agreement will provide that the licenses to operate 148 Rockower departments will be terminated oo July 31, 1980.

Woolworth said it also agreed to purchase Rockower's inventory and fixtures at the departments based upon en agreed formula.

In eddition, Woolworth said it will pay Rockower ehout $7m in connection with early terminations.

The transactions are subject to certain conditions, including preparation of a definitive agreement, approval by directors of both concerns and approval by Rockower shareholders.

Woolworth and Rockower have agreed separately that Woolworth will purchase the inventory and fixtures at the 39 departments where Rockower licenses will end.

Rockower's chairman Mr. L. Bodd Rockower said the company will consider several options for the future, including the possibility of entering new businesses,
Reuter

RESULTS IN BRIEF

Sharp rise in earnings at Gulf & Western

AT THE end of the first six months trading, net earnings of Gulf and Western Industries are 45 per cent ahead at $115.8m, or $2.29 a share against $1.19, said the company yesterday. At $2.509m, sales show a 24.5 per cent gain.

The second quarter brought a 37 per cent rise in net earnings to $55.4m, on sales increased hy 30 per cent to $1.305m. Net earnings of 81 cents compared with 61 cents previously.

The results include the operations of Simmons from November 1 last year.

Handy and Harman, the gold and silver alloys manufacturer, announced net earnings for 1978 of $12.9m or $1.91 a share against $11.1m or $1.65 last time. Sales increased from $381.7m to $468m. The final quarter saw earnings rise from $2.8m to $3.3m, or from 42 cents a share to 49 cents, on sales of $124.7m against $102.9m.

Waste disposal group Browning-Ferris expects this year's results to show a rise of 20 per cent from 1978's revenue of $362.4m and earnings of $22.5m or $1.31 a share, the annual meeting was told by the chairman, Mr. Louis Waters.
Agencies

Bethlehem Steel sees strong market

BETHLEHEM. — Bethlehem Steel Corporation is operating at about 90 per cent of its capacity and has "every indication" that it will be able to sustain that rate through the first half of 1979, Mr. Lewis W. Foy, chairman and chief executive said.

"We don't see at this time anything that could change that picture" in the first half, he added. All steel markets are strong and new orders are "much stronger than we anticipated at this time of the year."

The outlook for the second half of 1979 remained less certain because of the possibility of an economic slowdown some time before the end of the year. But despite those predictions, Bethlehem is hoping to do better this year than last in profits. In 1978 the nation's second largest steelmaker earned $225.1m or $5.15 a share on sales of $6.18bn.

"We think the momentum we ge in the second, third and fourth quarters should carry through this year," Mr. Foy said.

He said he could not predict Bethlehem's results for the first quarter because so much depends upon the performance during March. While January's level of operations were satisfactory, severe weather in February cost the company shipments that it must now make up in March.

"This month is going to be the key to how this quarter turns out," he went on. "In any case, Bethlehem will surpass the net income of $1.1m or 2 cents a share earned in the first quarter of 1978."

The poor results then were due to bad weather and the nation's coal strike.

Meanwhile, Armco Steel Corporation said in Chicago that it expects excellent first quarter sales and earnings, based on the first two months' performance.

Temporary treasurer Mr. Robert Lambrix told analysts that Armco is looking for a very strong year, particularly from its finance services and international activities, but he declined to make a forecast.

In the 1978 first quarter, Armco earned 96 cents a share with full year earnings of $4.29.

The company will spend ebout $200m in capital investments this year, up from $160m in 1978.

Armco expects 1979 domestic steel shipments to be flat at about 97m tons, Mr. Lambrix said.
Agencies

Decisions soon on foreign bank takeover moves

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Reserve Board has indicated that it will make decisions on the three pending applications from foreign banks to take over control of three large U.S. banks soon.

Mr. G. William Miller has written to Representative Henry Reuss, chairman of the House Banking Committee, saying that the board, "must act on them (the applications for approval) in the relatively near future, otherwise they will be approved automatically."

The banks themselves are expecting a decision from the Fed this month. The three transactions are a bid by Hongkong and Shanghai Banking Corporation to acquire a controlling interest in Marine Midland Banks of New York, National Westminster Bank's bid for a 75 per cent stake in National Bank of North America, and Standard and Chartered Banks bid for the Californian Union Bancorp.

The Hongkong and Shanghai deal with Marine Midland also requires the specific approval of the New York State Banking Superintendent if Hongkong Bank is to vote the shares it proposes to acquire.

RCA seeks major acquisition

BY OUR NEW YORK CORRESPONDENT

ANOTHER giant U.S. corporation, RCA, the telecommunications group, has indicated that it is actively seeking a substantial acquisition.

Mr. Edgar Griffiths, RCA's president has cited three business areas of interest to RCA in general terms. The areas are financial services including insurance, which would represent a diversification for RCA; electronics, e business the company is alraady heavily involved in; and more generally manufacturing.

RCA is already a highly diversified corporation deriving its $6.6bn of revenues and $278m of net profit from such businesses as the ownership of a major television network, NBC; the Hertz car rental business; Random House, the book publishing concern; the manufacture of televisions; and, of course, its global telecommunications and telex operations.

Dozens of major U.S. companies have been aggressively diversifying through large scale acquisitions in the past three years and RCA clearly feels that it has already demonstrated its ability to manage a wide range of businesses successfully.

Its profits have been growing rapidly in the pest four years after slumping from $184m in 1973 to $113m in 1974 as the U.S. was hit by recession.

Later this year the company is expecting to receive some $200m in cash from the sale of its Alaskan telecommunications businesses.

There is speculation that one went to get into, quest insurance, is ownership of a savings and loan association.

Major diversifications by giant corporations are becoming increasingly controversial, however, and there is some feeling in the U.S. thet big companies anxious to make such moves may need to move swiftly, otherwise they risk running into unfavourable political climate sod possibly new anti-trust legislation.

Over half Canada's top groups in foreign hands

BY VICTOR MACKIE IN OTTAWA

MORE THAN half of the 500 leading enterprises in Canada were foreign controlled.

The Government Statistics Bureau released figures for 1976 showing that 275 of ths 500 largest non-financial corporations were foreign controlled. Some 200 were private Canadian companies and 18 were Government-owned enterprises.

The statistics are contained in a report to Parliament on the activities of 230,000 non-financial corporations. Highlights of the report included the disclosures that the leading 500 enterprises — although they represented only one-quarter of all companies—accounted for 64 per cent of corporate profits and 53 per cent of sales, and that the composition of this top quarter of the corporate sector was almost unchanged in 1976 from the previous year.

In 1975 there were 277 foreign-controlled companies; 207 were private Canadian companies and the remaining 16 were Crown corporations.

The 100 largest enterprises accounted for 43 per cent of profits and 36 per cent of sales. This group included 55 foreign-cootrolled companies.

Seagram set for record

MONTREAL. — The chairman of Seagram, Mr. Edgar M. Bronfman aaid fiscal 1979 will be the company's third straight record year, while earnings for the second quarter were 12 to 13 per cent higher than the $11.9m or 34 cents a share of e year ago. Seagram is the world's largest distilling group.

Mr. Bronfman told Montreal finenciel analysts that the company has announced a policy of dividend payout at the rate of 35 to 40 per cent of net income before foreign exchange translations. The company expects to report second quarter earnings "in a few days."
Reuter

EUROBONDS

Sterling and dollar sector firm

By Francis Ghilès

THE CENTRAL American Bank for Economic Integration is arranging a $20m Floating Rate Note through a group of banks led by Dillon Read Overseas Corpoartion and IBJ International. The borrower is paying an interest rate of ½ per cent over six month Libor and a minimum conpon of 7 per eent. The honds have a maturity of 15 years and an average life of nine years.

The secondary market in the dollar sector continued to witness a good volume of aetivity yesterday with prices generally up by about ½ of a point. Swiss institutional investors were reported hy some dealers to he showing keener interest in buying high yield bonds than has been the case for a long time.

The number of recent bonds which had not found any final bnyers when they were floated are now heing mopped up.

The sterling sector had another very good day with prices of seasoned issues up by as much as two full points. The recent FFI issue finished the day at 102½, slightly off its high for the day of 102½-¾.

The Deutsche Mark sector remains steady with little change in activity or prices. No new issues are scheduled until the end of next week.

The Japanese finance ministry said it has decided to extend the period for dollar conversion of yen-denominated honds issued on Japanese capital market by foreign entities to one month from one week at present, Reuter reports from Tokyo.

The new step, to he notified soon to underwriting syndicates, will be applicable to this month's issues, including those from the government of Malaysia and Canada and Sears Roebuck, the ministry said.

The ministry said it made the decision because the exchange market has become stable and dissatisfaction among foreign issuers of yen bonds about the restrictions was growing.

The Malaysian government plans to issue a Y20bn bond on the Japanese capital market in mid-March, Canada wants to raise Y30bn while Sears Roebuck hopes to float a Y20bn bond this month.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international hond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.
Closing prices on March 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¾ 88	25	94¼	94¾	+0⅛	+0½	10.18
Bayer Int. F. XW 7⅛ 89	200	83½	94½	+0⅛	−0⅛	6.85
CECA 9¾ 84-99	50	96⅞	96½	+0⅛	+0⅛	9.80
Canada 6 83	400	98⅛	98½	0	+0⅛	9.66
Canada 9¾ 98	350	96½	96¾	0	+0½	6.87
Canadair 8½ 83	70	94¾	95¼	+0⅛	+0⅛	9.97
Dominion Bridge 9 88	25	93½	94⅛	+0⅛	0	10.22
Dow Chem. O/S 9⅝ 94	200	96⅝	97⅛	0	+0⅛	10.04
EIB 9⅞ 98	125	†93½	94½	0	+0⅛	10.04
Export Dv. Cpn. 9.85 94	150	100¼	100½	+0⅛	+0⅛	2.95
Export Dv. Cpn. 9⅝ 94	100	97½	97¾	+0⅛	+0½	9.91
Eksportfinans 8 86	50	95¾	96⅛	0	+0⅛	6.78
Finland 8¾ 83	100	†96½	97¼	+0⅛	+1½	6.89
Finland 8 88	100	†96	95½	+0⅛	+0⅛	9.99
Finland 9½ 88	100	97⅛	97⅝	0	+0⅛	10.04
GTE Fin. 9½ 84	50	97¾	98¼	+0⅛	+0½	10.03
Gould Int. Fin. 9⅝ 85	50	99⅛	99⅝	+0½	+0½	8.89
Hospital O/S 9 83	25	96⅛	97⅛	0	+0⅛	6.86
Hudson Bay Co. 10 94	50	100	100½	+0⅛	+0⅛	6.96
Inst Finance 9¾ 90	30	94⅛	94¾	+0⅛	+0⅛	10.58
J. C. Penney 8½ 83	100	95½	96⅛	0	+0⅛	8.67
Manitoba 9½ 88	75	96½	97	+0⅛	+0⅛	10.03
Nat. West 9 88	75	96⅝	96⅞	0	+0⅛	9.65
New Brunswick 9¾ 94	75	97⅝	97⅞	0	+0⅛	10.06
Newfoundland 9¾ 90	50	95½	96	0	+0⅛	2.89
Nord. Inv. Bk. 8⅞ 88	25	94½	94⅞	0	0	9.65
Norsk Hydro 9¾ 94	50	94¾	95¼	+0½	+0⅛	8.90
Norway 7⅞ 83	250	93½	93¾	+0⅛	+0½	2.88
Norway 8¾ 83	150	†96½	97¼	−0⅛	+0⅛	2.98
Norway 9¾ 84	150	100⅛	100½	+0⅛	+0⅛	2.88
Ont. Hydro 8½ 85	125	93¾	94½	+0⅛	+0⅛	6.82
Portland 10 84	50	96½	96⅞	0	+0⅛	10.61
Quebec Hydro 9½ 93	50	96⅝	96⅞	−0⅛	+0⅛	6.94
Redland Fin. XW 9½ 81	25	61	91½	+0⅛	+0⅛	10.83
Sears Roebuck 9 82	150	97⅞	93½	+0⅛	+0⅛	8.75
UK 8½ 85	200	†95½	96¼	+0⅛	+0⅛	9.61
UK 6⅞ 93	150	93⅞	94½	+0⅛	+0⅛	6.86

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	96⅝	97½	−0⅛	0	6.01
Argentina 6½ 88	150	95	96¾	+0⅛	−0⅛	7.17
Australia 6 85	250	99½	99⅞	−0⅛	−0⅛	6.05
Austria 5¾ 90	150	92½	93	+0⅛	+0⅛	6.66
Bankamerica 5¾ 90	150	98½	98¾	+0⅛	+0⅛	5.94
Bq. Ext. Algeria 7¼ 85	100	96¾	97½	0	+0⅛	7.86
Brazil 7¼ 87	150	100¼	100¾	0	0	7.10
CECA 6 88	150	96½	96¾	−0⅛	0	6.48
Ch. Manhttn. O/S 6 93	100	99¼	99¾	0	+0⅛	6.05
Commerzbank WW 3½	100	100½	101½	+0⅛	+0⅛	3.37
Commerzbank XW 3½	100	81½	82½	+0⅛	+0⅛	8.15
Copenhagen City 6 90	75	91½	92¼	0	+0⅛	7.04
Council of Europe 6¾	150	96⅞	97½	−0⅛	−0⅛	6.96
Denmark 5¾ 85	100	96⅛	96⅞	0	+0⅛	6.45
Denmark 6½ 89	100	96⅝	97½	+0⅛	+0⅛	6.94
EIB 6 90	300	93½	94½	0	0	6.77
EIB 6½ 91	200	97½	97¾	+0⅛	+0½	6.83
Eletrobras-Brazil 7 87	100	97	97½	−0⅛	−0⅛	7.47
Eurofima 6½ 89	100	100	100½	0	−0⅛	6.46
Finland 6 83	150	99½	100	0	−0⅛	6.05
Hitachi Ship. 5¾ 83	50	98⅛	98¾	−0⅛	−0⅛	6.11
Indonesia 7 84	100	98⅝	98⅝	0	+0⅛	7.35
Kobe, City of 5¾ 86	100	98½	99½	−0⅛	+0⅞	6.89
Mitsubishi Petro. 5¾ 85	100	98⅛	98⅝	−0⅛	−0⅛	6.05
New Zealand 6¾ 87	200	99¾	100¼	+0⅛	0	6.27
Nippon Steel 5⅝ 85	100	98⅛	98⅞	+0⅛	0	6.00
Nippon Tel. & T. 5¾ 87	100	95¾	96¼	0	−0⅛	6.15
Nordic Inv. Bk. 6¾ 86	60	97⅞	98½	0	+0⅛	6.59
Norges Komm. 6 90	100	95⅜	95⅞	−0⅛	−0⅛	6.66
Norges Komm. 6¾ 89	150	97¾	98¼	+0⅛	+0½	6.52
Occidental 6¾ 90	150	96½	97	+0⅛	+0⅛	7.16
OKB 6½ 88	100	100	100½	0	+0⅛	6.46
OKB 6 87	40	97⅞	98½	−0⅛	+0⅛	6.31
Petroleo Brazil 7 88	100	97½	98	+0⅛	−0⅛	7.33
Ricoh 5¾ 83	30	98½	98¾	+0⅛	+1	5.63
Statoil 6 88	150	95⅞	96½	+0⅛	+0⅛	6.56
Statoil 6½ 89	150	†97½	98	+0⅛	0	6.82
UDS Group 5¾ 83	65	96⅝	96⅞	+0⅛	+0⅛	6.63
Union Bank-Finn 6½ 88	50	94⅝	95½	+0⅛	+0⅛	7.21
Venezuela 6½ 90	150	92¾	93½	−0⅛	+0⅛	7.41
World Bank 6¾ 88	400	†97¼	98	+0⅛	+0⅛	6.98

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 85	40	104½	104½	−0⅛	−0⅛	4.68
Amer. Exp. Int. 3½ 93	40	99½	99¾	−0⅛	−0⅛	3.53
Arlberg Tunnel 4 93	40	99	99¼	−0⅛	−1	4.00
Asian Dev. Bank 3½ 94	100	*90½	90¾	0	−1¼	4.37
Austria 3½ 93	100	†97	97½	+0⅛	−0⅛	3.74
Brazil 4¾	100	†99¾	100	+0⅛	+0⅛	4.28
Chase Manhattan 4 93	70	101½	101¾	+0⅛	−2⅛	3.85
Council of Europe 4¼	100	102	102½	−0⅛	−0⅛	4.00
Bankamerica 3¾ 93	90	100½	100¾	0	0	3.89
BNOE 5 88	75	102½	102¾	+0⅛	+0⅞	4.65
Denmark 4½ 90	100	103	103¼	−0⅛	0	4.15
EIB 4¾ 93	100	101¾	102	+0⅛	+0⅛	4.07
Euratom 4¾ 93	80	100¾	101	+0⅛	+0⅛	4.17
F. L. Smidth 4½ 89	25	103	104	+0⅛	+0⅛	4.08
Finland 4½ 93	90	101½	102	0	+0⅞	4.33
GZB 4½ 93	100	†103	103½	−0⅛	0	4.19
Heron 4¾ 89	35	100½	101	+0⅛	+0⅛	4.16
ICI Fin. NV 3¾ 94	230	†93¾	94	+0⅛	−5½	4.05
Malaysia 4¾ 90	80	†98¾	99	−0⅛	−0⅛	4.88
Nowan 4 93	70	†100	100¼	+0½	−0⅞	3.99
New Zealand 3½ 94	120	†96¼	96½	−0⅛	−1	3.82
Norges Komm. 4¼ 90	100	†103½	103½	−0⅛	0	3.86
Oy Nokia 5 90	20	†102½	102¾	0	−0⅛	4.69
Sandvik 4 90	85	99¾	100	+0½	−0⅛	4.01
Sass 4½ 88	15	†102¼	102½	+0⅛	−0⅛	4.18
Voest-Alpine 4½ 93	100	103	103½	−0½	−1⅛	4.20
Vienna 4 93	100	99¾	100	+0⅛	0	4.01
World Bank 4¾ 93	250	†101	101¼	+0⅛	+0⅛	4.14

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	87⅛	88⅛	+0⅛	0	7.82
Australia 5.6 83	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6⅞ 88	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EFCE 8.4 90	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 5.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	94¾	95½	−0⅛	−0⅛	[illegible]
Auto Cote B. 7 93 EUA	13	91½	93	+0⅛	+0⅛	[illegible]
Komm. Inst. 7½ 93 EUA	15	97⅛	98½	0	−0⅛	[illegible]
Panama 8¾ 83 EUA	20	94¾	95⅞	0	+0⅛	[illegible]
SDR France 7 93 EUA	22	92½	93½	−0⅛	+0⅛	[illegible]
Algemene Bk. 6¾ 83 Fl	75	94½	95⅛	+0⅛	0	[illegible]
CFE Mexico 7¼ 83 Fl	75	96⅛	96⅞	−0⅛	+0⅛	[illegible]
EIB 7¼ 85 Fl	75	94½	95½	0	+0⅛	[illegible]
Heder. Midd. 6½ 83 Fl	75	94¼	95¼	+0⅛	+0⅛	[illegible]
New Zealand 6¾ 84 Fl	75	94¾	95½	0	+0⅛	[illegible]
Norway 6½ 83 Fl	100	94¾	95	+0⅛	+0⅛	[illegible]
Elf Aquitaine 9¾ 88 FFr	150	98⅞	99½	−0⅛	−0⅛	[illegible]
EIB 9¾ 88 FFr	200	99	99½	0	−0⅛	[illegible]
Norway 9¾ 84 FFr	200	99¼	100	0	0	[illegible]
PSA Peugeot 9¾ 87 FFr	175	99¾	99⅞	0	−0⅛	[illegible]
Unilever 10 85 FFr	100	101¾	102¼	0	−0⅛	[illegible]
CECA 9¾ 89 £	20	87⅞	88½	+1⅛	−1⅞	[illegible]
Citicorp 10 93 £	20	87⅛	88	+1⅛	+1	[illegible]
EIB 9¾ 88 £	25	89½	90	+0⅛	+0⅞	[illegible]
Finance for Ind. 10 88 £	12	88⅞	89⅛	+1⅛	+1⅛	[illegible]
Fisons 10½ 87 £	10	91½	92¼	+1⅛	+1⅛	[illegible]
BAT 8 88 LuxFr	250	96½	97¼	0	−0⅛	[illegible]
Bayer Lux. 8 86 LuxFr	250	97¼	98¼	−0⅛	+0⅛	[illegible]
EIB 7¾ 88 LuxFr	250	96⅛	97¼	0	+0⅛	8.17
Finland I. F. 8 88 LuxFr	250	97¼	98¼	0	+0⅛	[illegible]
Norway 7¾ 83 LuxFr	250	97½	98¼	0	0	8.33
Norges Km. 8 88 LuxFr	500	98⅞	99⅞	0	+0⅛	8.18
Renault 7¾ 88 LuxFr	500	96¼	97¼	+0⅛	+0⅛	[illegible]
Solvay Fin. 8 85 LuxFr	500	100⅛	101⅛	+0⅛	0	[illegible]
Swedish Bk. 8 88 LuxFr	500	98¼	99¼	0	−0⅛	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0¾	95¾	96⅝	31/7	11.44	[illegible]
BFG Fin. Co. M5.5 88	0¾	98⅛	98⅝	12/7	12¼	[illegible]
Bco. El Salvador M8 83	1¼	97½	98	12/4	11.31	11.57
Bco. Nac. Argnt. M8 83	0¾	99½	100	21/7	12¼	[illegible]
Bank of Tokyo M5¼ 93	0¾	97¾	97⅞	18/4	10¾	[illegible]
Banque Worms M5¾ 85	0¾	98⅛	98⅝	15/8	12	[illegible]
Bq. E. d'Aln. M8.375 84	0¾	96⅝	97	9/8	11⅞	[illegible]
Bq. E. d'Alg. M7.5 85	0¾	95¾	96⅞	2/5	12⅝	[illegible]
Bq. Indo et Suez M5¾	0¾	99	99½	25/7	12	[illegible]
Bq. I. Af. Occ. M6.5 83	0¾	97½	98	12/7	12.4	[illegible]
BNP 5½ 91	0¼	97¾	98¼	22/2	11½	[illegible]
CCCE M5.25 88	0¼	97½	98	3/8	11⅛	[illegible]
Ch. Man. O/S M5¾ 83	0¾	97¾	98½	27/7	11.73	[illegible]
Credit National M5¾ 88	0¼	98⅛	98⅝	11/7	12.31	[illegible]
Gotabanken M6 88	0¼	98½	98⅞	15/5	12.31	[illegible]
Ind. Bk. Japan M6½ 85	0¾	99¾	100½	1/6	12.35	[illegible]
Ljubljanska M7.75 85	1	96⅛	97¼	18/7	12.84	[illegible]
LTCB Japan M5¾ 85	0¼	99⅞	99⅞	3/5	12.06	12.11
Midland Intl. M5½ 93	0¼	98⅛	98½	20/7	12⅛	[illegible]
Nat. West. M5½ 90	0¼	98⅞	99⅛	21/6	12½	[illegible]
Nipp. Crdt. Bk. M5.5 85	0¼	99⅞	100½	22/8	12.81	[illegible]
OKB M5¼ 98	0¼	100⅛	100⅝	18/4	10.56	[illegible]
Offshore Mining 86	0¼	98⅛	99⅛	19/7	12.19	[illegible]
Petro Mexicano 7¾ 84	0¾	98⅞	99½	24/7	12.06	[illegible]
Privredna Banka M8 86	0¾	95⅝	96⅛	22/6	13.44	[illegible]
Standard Chrt. M5.5 90	0¼	97½	97⅞	10/8	11.56	[illegible]
Sundsvallsbnkn. M6 85	0¼	97	97½	4/4	10.06	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Asics 5¾ 93	6/78	628	91½	92½	0	[illegible]
Bakor Int. Fin. 5½ 93	1/79	34	105½	106½	+0⅛	[illegible]
Boots 6¾ 93	2/79	2.16	†96¾	97¼	−0⅛	[illegible]
Coca-Cola Bottling 6¾	4/78	8	86	85½	+0⅛	[illegible]
Honda Motor 5½ 88	5/79	532	92¾	93¾	+0⅛	[illegible]
Ito-Yokado 5¾ 93	6/78	1339	118¼	116	−0⅛	[illegible]
Novo Industri 7 89	4/79	258	89½	91	0	[illegible]
Texas Int. Air. 7¾ 93	4/79	14.5	89½	90	0	[illegible]
Thorn Int. Fin. 7 88	11/78	3.67	111⅞	112⅞	+2	[illegible]
Tyco Int. Fin. 8¼ 88	6/78	21	100	100½	+0⅛	[illegible]
Tyco Int. Fin. 5 84	5/78	81.5	74½	75½	0	[illegible]
Asahi Optical 3¼ DM	12/78	588	96⅛	97¼	+0⅛	[illegible]
Casio Co. 3¾ 85 DM	11/78	941	93¼	94½	0	[illegible]
Izumiya 3½ 88 DM	10/78	989	88	89	+0⅛	[illegible]
Jusco 3½ 85 DM	1/79	1164	89½	90½	+1⅛	[illegible]
Kansai Elec. 4 84 DM	4/79	1350	92¾	93¾	+0⅛	[illegible]
Konishiroku 3½ 85 DM	1/79	612	89½	90½	+0⅛	[illegible]
Marudai Food 3½ DM	2/79	1033	88⅛	89⅛	+0⅛	[illegible]
Murata M. 3½ 86 DM	11/78	854	98¾	100⅞	+1⅛	[illegible]
Nipp. Air. 3.6 98 DM	12/78	508	86½	87¼	0	[illegible]
Nippon Shinpan 3¾ DM	8/78	738	96¾	97¼	+0⅛	[illegible]
Nippon Yan. 3½ 85 DM	1/79	251	92½	93½	+0⅛	[illegible]
Nissan Diesel 3½ 85 DM	2/79	477	88½	89½	+0⅛	[illegible]
Olymp. Opt. 3½ 85 DM	2/79	703	100½	101½	+1½	[illegible]
Ricoh 3½ 88 DM	10/78	817	92½	93½	+0⅛	[illegible]
Sanyo Electric 3½ DM	11/78	295	89	90	+1⅛	[illegible]
Sharp Co. 3½ 88 DM	2/79	487	92	93	+0⅛	[illegible]
Stanley Elec. 3½ DM	11/78	623	88½	89½	+0⅛	[illegible]
Tokyo Elec. 3½ 87 DM	4/79	476	90½	91½	+0⅛	[illegible]
Tokyu Ld. Cn. 4 86 DM	4/79	493	90½	91½	+0⅛	[illegible]
Trio-Knwd. 3½ 86 DM	11/78	711	86½	87½	+1⅛	[illegible]

* No information available—previous day's price

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Profit and dividend growth at Veba

By Our Bonn Staff

VEBA, the West German energy and chemicals group, is doubling its dividend to DM 8 per share, following an increase in after-tax profits to DM 176m ($95m) last year from DM 70m in 1977.

The dividend will include a special DM 1 per share bonus to mark the group's 50th anniversary, and will give shareholders resident in West Germany DM 12.38 per share including tax credit, compared to DM 4.69 last year.

In an interim report, Veba pointed out that last year's improvement had taken place after the unusually difficult conditions of 1977. The most important single factor had been the lower prices Veba had to pay in 1978 for crude oil, while participation, through its 50 per cent subsidiary Deminex, in the Thistle field in the North Sea brought in an additional 300,000 tonnes of its own.

As a result, the oil, natural gas and petrochemical sales of the group rose by 21 per cent to DM 11.9bn, slightly ahead of trading activities at DM 11.2bn.

Total group sales last year were up by 13.5 per cent to DM 31.05bn. Before consolidation of Chemische Werke Huels, the increase was 6.2 per cent. Veba has carried out a reorganisation of its chemical interests, passing to Huels all but its petrochemical activities. These remain with the former Veba-Chemie, now renamed Veba-Oel, and including all the group's oil interests.

In an interview with the weekly "Die Zeit," Herr Rudolf von Bennigsen-Foerder, Veba chairman, said that with the way open for Veba's exchange of interests with Deutsche BP, the Veba group had "come a long way further" towards its goal of reconstructing its oil interests. The DM 800m proceeds from the sale of Veba's 25 per cent holding in Ruhrgas would be used for the further strengthening of its crude oil supply base.

Investments by the group last year, up from DM 1.7bn to DM 1.8bn, were heavily concentrated on electric power generating, an area where group sales rose by 7.3 per cent to DM 5.4bn.

Novo falls short of forecast

By Andrew Fisher

NOVO INDUSTRI, the Danish pharmaceutical and biochemical company which obtained a London share listing last October, failed to meet its sales and profit forecasts for 1978 as a result of adverse currency movements.

At the pre-tax level, profits dropped to DKr 97m ($18.7m) from DKr 103m, thus falling outside the DKr 105-115m range predicted last September. Sales at DKr 939m against DKr 864m in 1977, were below the forecast figure of DKr 950m.

Novo, the largest producer of industrial enzymes in the world with over half of the world market, and the second major insulin producer behind America's Eli Lilly, managed a slight gain in profits at the net level to DKr 75m from DKr 73m.

As previously stated, the dividend will rise from 8 per cent to 10 per cent on the quoted "B" shares.

The company said yesterday that exchange rates had changed since the September forecast, cutting the value of sales and thus the income measured in kroner by some DKr 15m. With foreign sales making up 96 per cent of the total, Novo is particularly vulnerable to exchange rate swings.

Novo's revenues are split more or less equally between industrial enzymes, where it estimates its share of the major U.S. market to be some 70 per cent, and pharmaceuticals, including highly purified insulin.

On the enzyme side, the company is looking at the possibility of setting up a plant in Japan, where it is currently associated with Mitsui, and possibly the Philippines in conjunction with a West German group. Novo is also involved in Brazilian efforts to produce more fuel alcohol from starch.

The company has made no forecasts for 1979, but generally hopes for future growth in sales and profits of some 15 per cent

AEG-Telefunken sees 1979 recovery

BY ADRIAN DICKS IN BONN

AEG - TELEFUNKEN, the troubled West German electrical giant, made a loss of DM 350m ($190m) last year — close to the midpoint of the DM 300-400m forecast by the chairman, Herr Walter Cipa, last December.

For the current year, the Board told shareholders in an interim report yesterday, AEG-Telefunken will once again be heavily weighed down by the structural measures through which, alone, any enduring stabilisation of profits can be reached."

The letter concluded with the forecast that 1979 would prove a better year than 1978, but also warned shareholders that the "considerable" setbacks suffered in most export markets last year could not easily be overcome. The report did not refer to the goal set by Herr Cipa in December of resuming dividend payments in 1980. The company has paid none since 1973.

The main component of last year's loss, as the chairman had warned, was the extra payment to Siemens which AEG-Telefunken made last September in respect of outstanding nuclear power contracts held by Kraftwerk-Union. When Siemens bought out AEG-Telefunken's share in Kraftwerk-Union in 1976, it did not originally assume the continuing risk of a certain number fixed price contracts. AEG-Telefunken has, the Board said, "drawn a definitive line under the nuclear reactor chapter," but it said this had cost DM215m more than the DM1bn allocated for the purpose to reserves.

Total sales last year were at DM14.1bn a little below expectations, and would have been 4 per cent lower without the new consolidation of Hartmann and Braon, from last year. Despite gains in some major domestic markets, there were also disappointments in such customer industries as power generation and distribution and consumer durables.

In the last-named, AEG-Telefunken was one again hit hard by the rise of the Deutsche-Mark, both through a higher level of imports into Germany from Eastern Europe and the Far East, and by increasingly difficult export conditions. A similar pattern prevailed at Olympia-Werke, the group's typewriter and office machinery subsidiary whose possible sale it discussed earlier this year with French and Swiss interests.

Overall, the group's exports fell for the first time in 15 years, and accounted for only 46 per cent of turnover compared to 49 per ceot in 1977.

The combination of moderate economic growth and foreign exchange market difficulties appears to have hit the group in virtually every one of its major product areas.

Investment, nonetheless, was up by 32 per cent from 1977 while spending on research and development rose by 7 per cent to DM 910m as evideoce of the board's belief that this is indispensable to AEG-Telefunken's future.

Sharp advance at Total group

BY TERRY DODSWORTH IN PARIS

COMPAGNIE FRANCAISE des Petroles, the parent organisation for the French oil group Total, showed a marked improvement in profits last year following a recovery in its refinery and distribution interests. But CFP stressed yesterday that its results would have been better if the refinery activities, which lost money in the first three-quarters of 1978, had returned to full health.

The parent company also suffered from the volatility of the money markets. It lost money on the exchange markets through both its dollar loans and long-term borrowings in Swiss francs and Deutsche Marks. Provisions for losses on the exchange rates came to FFr 117m ($27.2m).

Despite these problem areas, however, profits went up by 32 per cent to FFr 266m ($61.9m) against FFr 201m in 1977. This improvement will be followed by an increase in dividends to FFr 10 a share net of taxes against FFr 9.40 last year.

Group Total, the operating company, is estimated to have achieved a substantial improvement in cash-flow last year, from FFr 2.9bn to FFr 3.2bn. Consolidated profits should also improve compared with 1977, when the group made FFr 260m.

The accounts of Total's refinery subsidiary show that profits—albeit marginal—have been achieved despite a decline in refinery activity. Crude oil treatment declined by 2.9 per cent from 29.9m tonnes to 29m tonnes. Overall product sales went up from 27.9m tonnes to 28.3m tonnes, an increase of 1.6 per ceot which was reflected in the small turnover growth of 1.4 per cent to FFr 17.7bn.

Cash-flow went up from FFr 386m in 1977 to FFr 522m, but investments were down to FFr 446m against FFr 624m.

Profits came out at FFr 56.9m, which follows two years at almost break-even. Total said that this figure was reached after a FFr 50m provision against currency fluctuations.

The company, which is 35 per cent state owned, adds that the improvement in its results is due essentially to the increase in prices which it was able to make in the last quarter of the financial year.

Meanwhile Usinor, the largest of the French steel groups created under the government backed re-organisation plan eight months ago, expects to lose FFr 1bn this year ($233m). This compares with a loss of FFr 1.2bn in 1978.

In talks with the unions about the restructuring programme, Usinor has stressed that it aims to reach financial stability again in 1980-81. Up to the end of this period it will be investing at the rate of about FFrs 600m a year.

Usinor's losses compared with a deficit last year of FFr 1bn at Sacilor-Sollac, the second largest of the steel companies. Sacilor expects to cut this figure this year, however, to FFr 500m.

IRI head quits amid public row

BY RUPERT CORNWELL IN ROME

SIG. ALBERTO BOYER has handed in his resignation as managing director of the giant state sector conglomerate Istituto per la Ricostruzione Industriale (IRI), amid a fierce public row with the new chairman, Sig. Pietro Sette.

Sig. Boyer's departure from his key post at IRI has been on the cards ever since Sig. Sette moved across from Ente Nazionale Idrocarburi (ENI), as part of the political handout of top jobs at the countrys major public corporations.

His dismissal was demanded publicly last December by Sig. Antonio Bisaglia, the Minister of State participations — ostensibly because of alleged irregular real estate operations by an IRI subsidiary in Iran. But the belief was widespread that the attack was linked to the complicated political wheeler-dealing over the appointments.

In a letter made public this week, Sig. Boyer spoke of "personal and professional reasons" which had made him decide to quit IRI, which with 540,000 employees and over L14,000bn ($17bn) of turnover, is Italy's largest industrial enterprise. In particular he criticised the posting of former ENI executives to key jobs in IRI.

There can be little doubt that Sig. Bisaglia will accept the resignation. However, it remains to be seen whether a "technician" or a political nominee will be chosen to replace Sig. Boyer.

A minority shareholding in the Norditalia insurance group has passed to Royale Belge as payment for the acquisition by the insurance company of an Italian subsidiary of Royal Belge.

Norditalia shareholders approved a rise in registered capital to L6bn from L4bn through a 1-for-2 rights issue at L250 a share. Group turnover in 1978 amounted to L43bn and "could increase" to L64bn this year.

SCA earnings better than expected

By Our Stockholm Staff

SVENSKA CELLULOSA (SCA), the Swedish forest products conglomerate, reported a 1978 profit before taxes, allocations and extraordinary items of SKr 273m ($62.9m), down 19 per cent from SKr 337m the previous year. This was about the level predicted in the eight-month report.

Turnover rose 11.5 per cent to SKr 5.13bn ($1.18bn). The board proposes to raise the dividend by SKr 1 to SKr 11 per share and recommends a split which would halve the nominal value of shares to SKr 50.

Theoretical earnings per share dropped by SKr 3 to SKr 26 or better than the SKr 20 figure predicted in the eight-month report. Group operating profit declined from SKr 335m in 1977 to SKr 307m last year.

SCA said in its preliminary report that a large increase in the volume of sales for most of its forest industry products compensated only partially for the decline in average prices for all items except printing paper during 1978.

The group's forestry and forest product sector thus saw its operating profit more than halved from SKr 202m to SKr 90m.

At the same time, SCA's hydroelectric power company Baakab nearly doubled its operating profit from SKr 67m in 1977 to SKr 125m due to increased water supplies in Swedish rivers and the resultant rise in deliveries of electricity to customers.

The Moelnlycke paper, Hospital supply and consumer goods company contributed SKr 69m to last year's SCA operating profit, against SKr 43m in 1977. The group attributed this improvement to a new sales strategy in Western Europe including licensing agreements with French and British companies.

Operating profit for the Sunds group, which makes machinery for the forestry, steel and plastic industries, showed zero growth during the final four months of 1978 and totalled SKr 12m for the year, against SKr 25m in 1977. Earnings of SCA's packaging companies also declined slightly, mainly due to lower profits by the group's French and West German corrugated board factories.

SCA predicted better earnings for the group as a whole in 1979 than last year but cautioned that there were many risk factors such as the oil situation which could affect operations.

The group's preliminary earnings statement for 1978 lists no extraordinary items, whereas in 1977 there were extraordinary losses of SKr 37m. Earnings last year included only SKr 1m in state inventory subsidies, against SKr 28m in such grants during 1977.

Dutch publishers propose magazine merger talks

BY CHARLES BATCHELOR IN AMSTERDAM

FOLIO GROEP, part of the recently-formed Elsevier-NDU publishing group, is holding merger talks with a subsidiary of Kluwer, the third largest publisher in Holland.

Links between Elsevier-NDU and Kluwer will be confined to the area of special interest magazines and there are no plans for any closer contact between the parent concerns, a Folio spokesman said. The merger of Elsevier and NDU, which took effect earlier this month, raised fears for a concentration of publishing power in Holland.

Folio and Kluwer Publiekstijdschriften hope to form a new jointly-owned holding company, although there are no plans to physically merge the operating divisions. Folio has turnover of around Fl 20m ($10m) and publishes eight titles in fields such as motoring and music. The Kluwer company has turnover around Fl 70m ($35m) and seven titles.

The two companies hope to avoid duplicating investments by the merger. Current plans could lead to an expansion of joint turnover to around Fl 150m ($75m) in the near future. An NDU company, Kontekst, operating in the same area, may later be brought into the agreement with Folio, which was originally an Elsevier unit, and the Kluwer subsidiary.

Astra taps shareholders

BY WILLIAM DULLFORCE IN STOCKHOLM

ASTRA, the Swedish pharmaceutical group, is raising SKr 108.3m ($25m) in a one-for-three rights issue at SKr 100 per share. Shareholders will also benefit from a one-for-three scrip issue, which together with the rights issue will increase the parent company's share capital from SKr 162.5m to SKr 270.8m.

The board also proposed yesterday to raise the dividend by SKr 1 to SKr 7 a share on the 1978 account and undertook to aim at paying a dividend of 10 per cent on the increased share capital for 1979.

Astra needed more equity to be able to exploit the international growth opportunities in pharmaceuticals, the Board stated.

Small corrections to the preliminary figures reported in January give an 18 per cent increase in pre-tax earnings for 1978 to SKr 137m against the SKr 135m shown earlier. Total sales were unchanged from the preliminary figure at just over SKr 2bn.

East Asiatic setback leads to payout cut

By Hilary Barnes in Copenhagen

EAST ASIATIC, the Danish trading industrial and shipbuilding group, proposes a cut in dividend from 12 per cent to 10 per cent after reporting a fall in earnings and turnover in 1978.

The poor results were attributed to depressed conditions in world shipping markets and the increased capital costs of modernising its merchant fleet.

Net earnings were down from DKr 163m to DKr 108m ($20.8m) and turnover was down from DKr 23.1bn to DKr 18.5bn ($357m). It is the second successive year that the group has incurred a drop in earnings.

Gross operating profits declined from DKr 1.40bn to DKr 1.28bn and pre-tax earnings from DKr 337m to DKr 277m. Net financial costs increased from DKr 887m to DKr 414m and depreciation costs from DKr 300m to DKr 331m.

A statement from the board said that the long-awaited economic resurgence in China, in which the company has traditionally bad substantial interests, will bring benefits to the company in coming years. Last year the company concluded contracts for the modernisation of Chinese ports and harbour facilities.

Cement-Roadstone plans rights issue

BY OUR DUBLIN STAFF

IRELAND'S largest industrial company, construction group Cement-Roadstone Holdings, plans to raise £29.2m via a rights issue.

The announcement comes at the end of an encouraging year for the group during which, despite an 11-weeks' strike in the company, CRH showed a 23 per cent increase in pre-tax profits to over £18m. Sales rose by 29 per cent to £134.4m, and the dividend is also going up.

Total dividend for the year of 3.85p represents a 30 per cent increase over 1977, and the board expects to recommend a total dividend for this year of 4.62p per share.

The report says the group showed "its resilience and the breadth of its base in bringing in these results" despite the loss of production during the strike. The directors also describe the operation of price controls as disappointing and say it allowed an unsatisfactory return on their recent major investment at Platin.

The rights issue will involve more than 34m Ordinary shares and be issued on a one-for-four basis at 88p. The Irish Life Assurance Company has agreed to take up more than 3m of the new shares and the balance of the issue is being underwritten by the Investment Bank of Ireland and S. G. Warburg and Company.

The company last turned to shareholders for fresh funds in 1976. Since then the "growth of existing business and the company's acquisition programme have inevitably involved an increase in borrowing."

Although CRH has a large cash flow and substantial bank facilities, the board considers it is time to enlarge the company's equity base.

The group now operates extensively in the UK, Holland and the U.S., having acquired the largest builders' merchants in Scotland, W. Henderson (Holdings) and an American concrete products firm, Ancor Inc.

Although the directors say they must have regard to the business climate in those countries as well as in Ireland, they regard the year ahead as promising.

"The Irish Government in its planning has taken account of the critical role of the construction industry and your group is moving with all its resources to co-operate in the national objective," the board says.

"Provided we enjoy stability in the working environment, we expect to maintain good growth."

Companies and Markets

INTNL. COMPANIES and FINANCE

Chrysler Australia sees return to the black

By James Forth in Sydney

CHRYSLER Australia, which lost A$27.8m (US$31.2m) in 1977, will report a loss for 1978 — but the directors are confident the group will move into profits in the current year. Mr. Ian Webber, the deputy chairman, said in Melbourne yesterday that Chrysler's performance had improved month by month throughout 1978.

The group had lost A$14m in the first half of 1978, however, and would still show a loss when the results, which are expected soon, are reported. "From here on in, we have every reason to believe that we will be in profit in 1979," he said.

Chrysler's four - cylinder Sigma was selling extremely well, while the Valiant model was also doing well. Mr. Webber forecast a thrust by the company into the four-cylinder light truck market with the launching of the Mitsubishi-made Chrysler D-50 utility.

He added that the deal under which Mitsubishi Motors of Japan would take up a significant equity in Chrysler Australia should be signed soon. "We are close to reaching a conclusion, but I cannot say when it will be signed," he added.

Brisbane beer strike boosts Tooheys

By Our Sydney Correspondent

TOOHEY'S, the New South Wales brewer, earned almost as much in the half year to January as it did for the whole of 1977-78 and group profit soared from A$3.53m to A$6.94m (U.S.$7.88m), which is only $78,000 less than the record $7.01m earned in 1977-78.

The directors have raised the interim dividend from 3.75 cents a share to 4.5 cents. Last year the company paid a final of 3.75 cents. Revenue, including excise, rose 39 per cent from A$128m to A$178m. Excluding excise, sales rose 23.5 per cent, which demonstrates the effect of the 32 per cent increase in the beer excise in the Budget last August.

The directors attributed the profit increase to operating efficiencies resulting from a move to a new brewery in Sydney, better industrial relations, and higher sales caused by the temporary closure of Brisbane Breweries because of a beer strike.

Singapore Airlines ahead as route network expands

BY H. F. LEE IN SINGAPORE

SINGAPORE AIRLINES (SIA) is heading for another good year, with total revenue expected to reach the S$2bn (U.S.$920m) mark this year, Mr. Lim Chin Beng, the company's managing director, said in reporting on the interim performance.

Mr. Lim qualified his optimistic note, however, with a word of caution that protectionism in many countries could slow down SIA's growth. "But by world standards and compared to other airlines," he added, "we should still be able to grow at a healthy rate of about 20 per cent per annum over the next few years."

For the six months to September 1978, SIA's total revenue rose by 33.3 per cent to S$709m (U.S.$327m) — while cargo revenue expanded at the much faster pace of 62.6 per cent.

While operating revenue went up by 33.3 per cent, SIA held the increase in operating costs to 26 per cent. "This," Mr. Lim said, "is really the secret of our financial success and the reason why we have been able to expand our route netwrok and to operate to new destinations.

"This is also the reason why we have been able to acquire new and modern aircraft, not only to cater for the route expansion but also to modernise our existing fleet of aircraft."

SIA'S ability to hold down costs is also reflected in its break even point. Yields declined by 3 per cent, from 103.8 Singapore cents per tonne kilometre to 100.7 cents, but this was more than offset by an 8.5 per cent drop in unit costs. As a result, SIA's breakeven load factor improved 3.6 percentage points to 59.9 per cent.

During the half-year, production increased by 37.6 per cent in terms of capacity tonne-kilometres and by 28.3 per cent in terms of available seat-kilometres.

Some 1.47m passengers flew by SIA, an increase of 18.7 per cent over the corresponding period in 1977. In terms of passenger-kilometres, the increase was much higher, at 25.2 per cent indicating that SIA passengers were travelling over longer distances in its network.

Since the growth in passenger-kilometres was slightly lower than the growth in the available seat-kilometres, the passenger load factor dropped slightly by 1.9 percentage points to 64.8 per cent.

The growth in total load tonne kilometres was 37.5 per cent, which was similar to the growth of 37.6 per cent in total tonne-kilometres produced. The overall load factor, therefore, dropped only marginally, by 0.1 percentage point to 69.9 per cent.

SIA's most important subsidiary, Singapore Airport Terminal Services, which provides ground handling services to 31 scheduled airlines as well as other ad-hoc carriers, also performed well, with earnings during the six-month period increasing by 15 per cent.

Cathay Pacific growth

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CATHAY PACIFIC AIRWAYS, the Hong Kong-based airline which is a member of the Swire Group, has substantially increased its passenger business in Enrope and the UK, although it flies no closer to those areas than the Middle East. This has been achieved by a concentrated sales campaign aimed at business travellers planning sales visits to the Far East and S.E. Asia.

Mr. Ted Smith, European general manager for Cathay, said yesterday that European traffic last year showed a growth of 40 per cent over 1977 "and we are confident that 1979 will be another successful year."

He said that the airline, which has a network throughout South-East Asia and the Far East, will this summer introduce its first Boeing 747 Jumbo jet, with another one around the end of this year. Four more 747s are on option for the airline.

Overall last year, throughout its network Cathay Pacific carried over 2m passengers and 58m kilogrammes of cargo.

U.S. dock settlement lifts TNT

BY OUR SYDNEY CORRESPONDENT

GROUP PROFITS of Thomas Nationwide Transport, the international transport concern, scored a 77 per cent increase, from a $6.5m to a $11.53m (U.S.$13m). The interim dividend is raised from 4.5 cents a share to 5 cents, which is covered 3.1 times by the net profit.

The directors attributed part of the profit jump to a resumption of normal trading conditions by the U.S. operation, Trans Freight Lines (TFL) following settlement of a prolonged longshoremen strike in the first half of 1977-78. The strike lasted for three months and was the main factor in earnings dipping last year for the first time since the company was incorporated in 1961. The board said that TFL continued to increase its market share but had not yet reached capacity.

Difficulties applying to Acme Fast Freight of the U.S. and the Nigerian operations had been eliminated, and were further factors in the improvement. Acme, which had run up heavy losses since acquisition, was disposed of, while the Nigerian shipping operation was merged with a competitor.

The directors pointed out that trading conditions in Australia improved, resulting in a higher contribution to group earnings. Operations in New Zealand were satisfactory, although difficult economic conditions continued. The Canadian land transport operation reported a further gain in earnings, and continued to be a strong contributor to the overall result, in spite of adverse movements in the Canadian dollar exchange. Earnings increased from the expanded UK operations, and results from Brazil continued a satisfactory upward trend in profit.

Hongkong & Shanghai Hotels pays more

BY HUGH PEYMAN IN HONG KONG

THE HONGKONG and Shanghai Hotels, which has recently attracted increasing local attention on the Hong Kong stock markets, raised net group profit by 53 per cent to HK$54.56m (U.S.$11.37m) in 1978 and has proposed a 50 cent final dividend to make a 75 cent total compared with 50 cents for 1977.

A one-for-five bonus issue and an increase in authorised capital of HK$50m to HK$200m are also recommended.

The company has benefited from the increase in Hong Koog's tourist trade and the higher room occupancy rates in the colony's hotels. Besides hotels the company has interests in hotel management, restaurants and Peak Tramway. Recently there has been a spurt of activity in the company's shares on the local stockmarkets with speculation of a takeover. Market operators believe that the company's two hotels, the Peninsula and the Repulse Bay, occupy prime sites which make them suitable for property redevelopment. The company has forecast the same dividend distribution in 1979 on the proposed increased capital.

Federale Kunsmis profits rise with higher exports

BY JIM JONES IN JOHANNESBURG

PRE-TAX profits for Federale Kunsmis (Fedmis) increased by 26.1 per cent to R20.3m ($24.1m) for 1978. Turnover for Fedmis rose 19.3 per cent to R194.8m from R163m due to steadily rising phosphoric acid (phosacid) prices and an 89 per cent boost in by-product cement sales.

Fedmis, South Africa's third largest fertiliser manufacturer, is confident that the four years of low phosacid prices which have retarded earnings are fast coming to an end.

In its preliminary report for the year to December 31, Fedmis indicates that phosacid prices in Brazil, the company's major market, have risen from $230 per tonne in the first quarter of 1978 to $290 per tonne currently. By the second quarter of this year, prices are expected to be about $320. Fedmis's phosacid plant needs a price of around $300 in Brazil to break even.

However, Fedmis is not yet out of the wood as far as its phosacid operations are concerned. Domestic controlled prices were increased by 12.2 per cent in 1978, but cost escalations absorbed most of the price increase. With the increasingly heavy cost of replacing obsolete equipment, Fedmis is tending to decrease emphasis on the low-margin domestic fertiliser market.

Setback at Greatermans

BY OUR JOHANNESBURG CORRESPONDENT

GREATERMANS Stores—the South African retailer with four separate stores chains, controlled by the Federale Group—has reported a 25.4 per cent drop in pre-tax trading profits for the 26 weeks to December 30.

Group trading profits fell to R2.32m ($2.8m), from R3.11m in the first half of 1977-78, though, with a lower tax rate, the fall in the taxed level was less. Attributable taxed earnings for the first half were 8.4 per cent down, at A1.48m, against R1.62m.

Greatermans controls South Africa's largest supermarket chain, Checkers, which continues to maintain profitability in an increasingly competitive market. But the company's department stores chain has been increasingly hit by lower margins as discretionary consumer spending has shifted towards more price competitive retailers.

Improved profits will depend increasingly on the group's supermarket and down-market (rather than the up-market department stores) outlets. To this end and to increase the group's liquidity, plans are in hand to obtain a public quotation for the partly-owned Clicks discount toiletries and gifts chain. Greatermans bought its half share in Clicks in 1969 for R1.5m. Clicks' profits this year are expected to reach R3m after interim profits of R1.78m. The chain tends to pay out 40 per cent of its profits in dividends.

The intention is that Greatermans will sell a 13 per cent stake in the company to the public.

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CURRENCIES, MONEY and GOLD

Sterling strong dollar weak

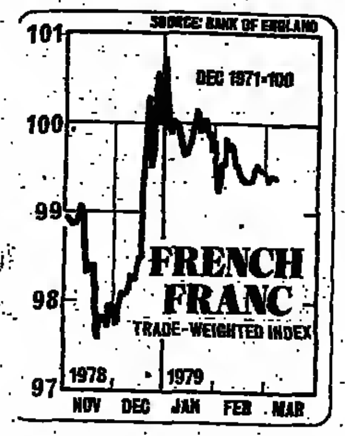
STERLING CONTINUED to rise, while the dollar remained weak in the foreign exchange market yesterday. The pound opened at $2.0370-2.0380, and rose quickly above the $2.04 level where the Bank of England intervened to prevent too sharp an appreciation. By noon the rate against the dollar had settled around $2.0380-2.0390, but further demand for sterling, particularly from New York, pushed it to a high point of $2.0440-2.0450 in the afternoon. The pound closed at $2.0420-2.0430, a rise of 80 points on the day, and the highest level since the end of October last year, when the dollar was very weak, forcing the U.S. authorities to introduce the dollar support-package of early November.

Sterling's trade-weighted index, as calculated by the Bank of England, rose to 65.0 from 64.7, the best level since March 10 last year. It stood at 64.8 at noon and in early trading.

Forward sterling was also very firm, with the three-month dollar discount against the dollar narrowing to 0.77 cent from 0.97 cent.

Other European central banks also gave support to the dollar, and the U.S. Federal Reserve was probably continuing the operation in New York after Europe stopped trading.

The dollar eased slightly to DM 1.8495 from DM 1.8515 against the D-mark, after trading within a narrow range of DM 1.8470 to DM 1.8530. Intervention by the Swiss authorities also helped to reduce the dollar's fall against the Swiss franc to SwFr 1.6670 from SwFr 1.6680 on Wednesday.



The French franc showed signs of weakness before the start of the European Monetary System, but improved slightly against the dollar to FFr 4.2725 from FFr 4.2780. The Japanese yen was also weak, with the dollar improving a little to Y204.10 from Y204.00, after trading between Y203.60 and Y204.30.

On Bank of England figures, the dollar's index fell to 84.3 from 84.5, while according to Morgan Guaranty, its trade-weighted depreciation widened to 8.6 per cent from 8.4 per cent.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM1.8518 against the D-mark, compared with DM1.8560 previously. This was an improvement from early levels however, when the U.S. currency fell below DM1.85 as a reaction to news on Wednesday of an impending start to the European Monetary System. Dealers suggested that the subsequent improvement followed a realisation that the EMS may not be bad for the dollar, and that trading between major currencies has been stable over the last few weeks.

MILAN—Sterling touched an all time high of L1,712.83 against the lira at the fixing, an advance of 7½ points from the previous day. The D-mark and Swiss franc also improved against the Italian currency, but the dollar lost ground, to be fixed at L839.70, down from L841.05 on Wednesday. The Bank of Italy was a net seller of dollars, while expectation of a start of the EMS next week caused no significant reaction.

AMSTERDAM — The dollar was fixed at Fl 2.0000 against the guilder, compared with Fl 2.0050 previously.

TORONTO — The Canadian dollar continued to climb in erratic trading, rising to 84.76½ U.S. cents from 84.38½ in early trading on Wednesday.

TOKYO — The dollar fell to Y203.60 against the yen from Y204.67½ on Wednesday.

THE DOLLAR SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0370-2.0450	2.0420-2.0430	0.43-0.33c pm	2.23	0.82-0.72 pm	1.51
Ireland	2.0370-2.0450	2.0420-2.0430	0.43-0.33c pm	2.23	0.82-0.72 pm	1.51
Canada†	84.45-84.78	84.75-84.78	0.4-0.2c dis	−0.42	0.6-0.3 dis	−0.21
Nethlnd.	1.9970-2.0002	1.9970-1.9990	0.58-0.48c pm	3.18	1.72-1.62 pm	3.34
Belgium	29.31-29.38	29.31-29.33	8-7c pm	3.07	22½-21 pm	2.97
Denmark	5.1890-5.1915	5.1890-5.1905	0.50-1.00ore dis	−1.73	2.00-2.50dis	−1.73
W. Ger.	1.8470-1.8530	1.8490-1.8500	1.04-0.94pf pm	6.42	3.02-2.92 pm	6.42
Portugal	47.50-47.65	57.55-47.65	30-40c dis	−8.82	70-135 dis	−8.61
Spain	68.95-69.05	68.95-69.00	8-18c dis	−2.26	30-40 dis	−2.03
Italy	839.60-840.50	839.60-339.90	0.40-0.80lire dis	−0.85	2.00-2.70dis	−1.12
Norway	5.0760-5.0780	5.0765-5.0775	0.85-0.35ore pm	1.18	1.90-1.40 pm	1.30
France	4.2700-4.2745	4.2700-4.2725	0.93-0.83c pm	2.47	2.45-2.25 pm	2.20
Sweden	4.3575-4.3595	4.3575-4.3585	0.70-0.50ore pm	1.65	2.30-2.10 pm	2.02
Japan	203.60-204.30	204.05-204.15	1.30-1.20y pm	7.35	3.50-3.40 pm	6.76
Austria	13.55¼-13.58	13.55¼-13.55½	5.75-6.00gro pm	5.64	19½-17½ pm	5.46
Switz.	1.6635-1.6720	1.6665-1.6675	1.50-1.40c pm	10.45	4.35-4.25 pm	10.33

† U.S. cents per Canadian $.

THE POUND SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0370-2.0450	2.0420-2.0430	0.43-0.33c pm	2.23	0.82-0.72 pm	1.51
Canada	2.4105-2.4170	2.4115-2.4125	0.45-0.35c pm	1.99	0.82-0.72 pm	1.28
Nethlnd.	4.06½-4.09½	4.07½-4.08½	2¼-1¼c pm	6.75	5¼-4¼ pm	4.78
Belgium	59.70-60.00	59.85-59.95	30-20c pm	5.00	72-62 pm	4.47
Denmark	10.57-10.61	50.58¼-40.59¼	1¼ore pm-¾ore dis	0.28	¼om-1¼pm	−0.28
W. Ger.	3.76-3.79	3.77½-3.78½	3¼-2¼pf pm	8.33	7¼-6¼ pm	7.80
Portugal	96.70-97.30	96.85-97.25	30-100c dis	−8.04	40-210 dis	−5.15
Spain	140.45-140.85	140.75-140.85	15-65c dis	−2.92	30-140 dis	−2.41
Italy	1.710-1.717	1.714½-1.715½	2½-½lire pm	1.05	2½-½ om	0.35
Norway	10.33-10.38	10.36-10.37	3¼-1¼ore pm	3.18	8-5 pm	2.70
France	8.70-8.74	8.72¼-8.73¼	4-3c pm	4.81	8¼-7¼ pm	3.78
Sweden	8.85-8.91	8.89-8.90	3½-1¼ore pm	3.04	8½-6¼ pm	3.26
Japan	412-422	416½-418½	3.45-3.20y pm	9.56	8.85-8.60 pm	8.35
Austria	27.60-27.75	27.68-27.73	25-15gro pm	8.66	57-47 pm	7.65
Switz.	3.38½-3.41½	3.40-3.41	4-3c pm	12.33	10½-9½ pm	1.45

Belgium rate is for convertible francs. Financial franc 60.70-60.80. Six-month forward dollar 1.15-1.05c pm; 12-month 2.30-2.20c pm.

OTHER MARKETS

Mar. 8	£	$		£ Note Rates
Argentina Peso...	2266-2286	1109-1119	Austria	27-28
Australia Dollar...	1.8140-1.8180	0.8881-0.8901	Belgium	58.8-60.9
Brazil Cruzeiro...	44.74-45.74	21.80-22.59	Denmark	10.50-10.60
Finland Markka...	8.08½-8.10½	5.9620-3.9669	France	8.65-8.75
Greek Drachma..	73.467-75.255	35.97-36.84	Germany	3.70-3.80
Hong Kong Dollar	9.85½-9.86¾	4.8250-4.8511	Italy	1,670-1,780
Iran Rial	149.10-157.81	73-78	Japan	412-432
Kuwait Dinar (KD)	0.555-0.565	0.2717-0.2766	Netherlands	4.00-4.10
Luxembourg Frc.	59.85-59.95	29.32-29.34	Norway	10.26-10.56
Malaysia Dollar...	4.4710-4.4855	2.1890-2.1851	Portugal	85.6-97.5
New Zealand Dlr.	1.9285-1.9345	0.8442-0.9471	Spain	140-145
Saudi Arab. Riyal	6.80-6.90	3.3292-3.3782	Switzerland	3.33-3.43
Singapore Dollar.	4.4230-4.4355	2.1655-2.1716	United States	2.0300-2.0400
Sth. African Rand	1.7145-1.7259	0.8394-0.8450	Yugoslavia	41-45

Rate given for Argentina is free rate.

CURRENCY RATES

March 7	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	12½	0.634815	0.667003
U.S. $	9½	1.28696	1.35308
Canadian $	11½	1.52621	1.60827
Austria Sch.	3¾	17.5059	18.4087
Belgian F	6	37.7916	39.7555
Danish K.	8	6.68704	7.05061
D mark	3	2.38860	2.51064
Guilder	6½	2.53055	3.71191
French Fr.	9½	5.51398	5.79660
Lira	10½	1802.55	1137.94
Yen	3½	263.056	276.570
Nrwgn. K.	7	6.54419	6.88042
Spanish Pes.	8	88.8916	95.4506
Swedish Kr.	6½	5.61861	5.90715
Swiss Fr.	1	2.15592	2.26452

CURRENCY MOVEMENTS

Mar. 8	Bank of England Index	Morgan Guaranty changes %
Sterling	65.01	−59.5
U.S. dollar	84.34	−8.6
Canadian dollar	79.71	−17.8
Austrian schilling	147.53	+19.6
Belgian franc	114.59	−14.7
Danish krone	117.71	−6.5
Deutsche Mark	150.87	+49.2
Swiss franc	195.86	+82.8
Guilder	125.22	+21.1
French franc	99.40	−6.2
Lira	54.15	−49.4
Yen	141.28	+39.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EXCHANGE CROSS RATES

Mar. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.043	3.780	417.5	8.728	5.405	4.080	1715.	2.412	59.90
U.S. Dollar	0.490	1.	1.851	204.4	4.273	1.667	1.998	839.7	1.181	29.33
Deutschemark	0.265	0.540	1.	110.4	2.309	0.901	1.079	453.7	0.638	15.85
Japanese Yen 1,000	2.395	4.892	9.054	1000.	20.90	8.156	9.772	4108.	5.777	143.5
French Franc 10	1.146	2.340	4.331	478.4	10.	3.901	4.673	1963.	2.764	68.60
Swiss Franc	0.294	0.600	1.110	122.6	2.563	1.	1.198	503.7	0.708	17.59
Dutch Guilder	0.245	0.501	0.926	102.3	2.138	0.835	1.	420.3	0.591	14.68
Italian Lira 1,000	0.583	1.191	2.204	243.4	5.089	1.985	2.379	1000.	1.406	34.93
Canadian Dollar	0.415	0.847	1.567	173.1	3.618	1.412	1.692	711.0	1.	24.83
Belgian Franc 100	1.669	3.410	6.311	697.0	14.57	5.684	6.811	2863.	4.027	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 10.40-10.50 per cent; six months 10.75-10.85 per cent; one year 10.75-10.85 per cent.

Mar. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-13¼	10-10¼	9-10	7¾-7⅞	par-¼	4-4¼	6½-7	7½-10½	—	4-4¼
7 day's notice	12¼-13¼	10⅛-10⅜	9-10	7⅜-7⅝	[illegible]	4-4¼	6½-7	10-11½	—	3-3¼
Month	12⅜-12⅝	10¼-10⅜	10¼-10½	7-7¼	[illegible]	4-4¼	7¼-8	11-12½	10¼-10½	3-3¼
Three months	11½-11¾	10⅜-10⅝	10¼-10½	7-7¼	[illegible]	4⅛-4¼	8-8¼	12-13½	10¼-10½	3¼-4
Six months	11¼-11½	10⅝-11	10½-10¾	7-7¼	[illegible]	4-4¼	8⅞-9⅛	12½-13½	10¼-11	3½-4¼
One year	11⅛-11¼	11⅛-11¼	10⅝-11¼	7-7¼	1-1¼	4¼-4½	9-9¼	13-14	11-11¼	3½-4¼

Long-term Eurodollar deposits: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates remain steady

Interest rates in New York maintained their recent steady trend yesterday, with business at a low level. Federal funds remained static at 10-10⅛ per cent, being shown very little overall movements over the past three weeks. 13-week Treasury bills were unchanged at 9.42 per cent as were 26-week bills, while one-year bills were marginally changed at 9.37 per cent from 9.36 per cent.

FRANKFURT — Interbank money market rates were firmer at the short end, while longer term rates showed very little change. Call money rose to 4.20-4.30 per cent from 4.15-4.25 per cent and one-month money was firmer at 4.20-4.30 per cent compared with 4.15-4.25 per cent. Three-month money remained at 4.25-4.35 per cent and the six-month rate was unchanged at 4.35-4.45 per cent. However 12-month money rose to 4.95-5.05 per cent from 4.90-5.00 per cent.

PARIS—Day to day money was slightly firmer yesterday at 6⅞ per cent compared with 6¾ per cent on Wednesday. Longer term rates were easier where changed, with one-month money at 6⅞-6⅞ per cent, against 6⅞-6⅞ per cent and three month money at 7-7⅛ per cent from 7⅛-7¼ per cent. The six-month rate was quoted at 7⅛-7¼ per cent against 7¼-7⅜ per cent while 12-month money slipped from 7⅞-8 per cent to 7⅞-8 per cent.

AMSTERDAM—Interest rates showed little change yesterday with call money at 7¼-7⅜ per cent, unchanged from Wednesday, and one-month money at 7¼-7⅜ per cent compared with 7⅞-8 per cent previously. The three-month rate remained at 7¼-7⅜ per cent while six-month money eased slightly from 7⅞-7⅞ per cent to 7¼-7⅝ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 7⅛-7⅜ per cent for one-month, 7⅛-7¼ per cent for three-month and 7⅛-8 per cent for six-month. 12-month deposits stood at 8⅛-8⅜ per cent.

GOLD

Weaker trend

Gold fell $2 to close at $238¾-239¼, after a very quiet day. It opened at $238¾-239¼ and touched a high point of $239½-240. The metal was fixed at $238.75 in the morning and $239.20 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 33,150 per kilo ($241.46 per ounce) in the morning, compared with FFr 33,600 ($243.35) on Wednesday.

In Frankfurt the 12½ kilo bar was fixed at DM 14,225 per kilo ($238.75 per ounce), compared with DM 14,475 ($242.58) previously.

	Mar. 8	Mar. 7
Gold Bullion (fine ounce)		
Close	$238¾-239¼ (£116.9-117.2)	$240¼-241¼ (£118.4-118.9)
Opening	$238½-239¼ (£117.0-117.4)	$241¼-242¼ (£118.6-119.1)
Morning fixing	$238.75 (£117.109)	$242.00 (£119.565)
Afternoon fixing	$238.20 (£116.986)	$242.25 (£119.071)
Gold Coins, domestically		
Krugerrand	$253½-259½ (£125-127½)	$256¼-258¼ (£126½-127½)
New Sovereigns	$68½-70½ (£33½-34½)	$69-70 (£33½-34½)
Old Sovereigns	$77½-79½ (£37½-38½)	$76¼-77¼ (£37-38)
Gold Coins, internationally		
Krugerrand	$245-248 (£120½-121½)	$248½-250½ (£122-123½)
New Sovereigns	$62½-64½ (£30½-31½)	$63¼-65¼ (£31-32)
Old Sovereigns	$77½-79½ (£37½-38½)	$77¾-79¼ (£38-39)
$20 Eagles	$314-319	$318½-321½
$10 Eagles	$172-177	$172-177
$5 Eagles	$119-124	$119-124

UK MONEY MARKET

Further seven days lending

Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance by lending a large amount to 8 or 9 discount houses at MLR for repayment today. They also lent a similar amount at MLR over seven days to 8 or 9 houses, thus adding further weight to their desire to see a continued stable trend in interest rates. However discount houses buying rates for three-month Treasury bills were quoted up to a quarter point lower at 11⅝ per cent, indicating a minimum lending rate of 12 per cent under the old market related formula.

The market was faced with the repayment of a moderate amount of seven day loans and a moderate net take up of Treasury bills. This was in addition to the unwinding of sale and repurchase agreements of eligible bills and banks bringing forward balances some way below target. On the other hand Government disbursements were a moderate way in excess of revenue transfers to the Exchequer, principally on the rate support grant, and notes in circulation decreased by a small amount. Discount houses were paying between 12 per cent and 13 per cent for secured call loans for the whole day.

In the interbank market, overnight loans opened at 13-13½ per cent and rose on the forecast to 13¼-13½ per cent. However rates drifted back to 13-13½ per cent before lunch but jumped soon after to 13½-14 per cent. Later in the afternoon rates tended to ease to 8-9 per cent before closing balances were taken around 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 8 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-14	—	—	—	—	12½-13	—	—	—
2 days notice	—	—	12½-13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13-13¼	12⅞-13⅛	—	13⅛	13-13⅛	12⅞-13	—	—	—
One month	12½-12¼	12⅛-12¼	12¼-12⅞	12¼-12½	12⅞	—	12	11¾-11⅞	12⅛-12	13
Two months	12⅜-12⅛	12⅜-12¼	—	12-10⅞	12⅜	—	—	11¾-11¾	12-11⅞	12½
Three months	11⅞-11¾	12-12⅛	12-12⅛	11⅞-11¾	12⅛	12⅜-12⅛	11⅞	11¾-11⅞	11-11⅞	12
Six months	11½-11⅜	11⅞-11⅜	11⅝-11⅜	11⅝-11¾	11⅞	—	—	—	10⅞-10⅞	11
Nine months	11¼-11⅜	11¾-11⅜	—	11-11⅛	11⅝	—	—	—	—	—
One year	11⅛-10⅞	11⅛-11⅜	11⅛	10⅞-11⅛	11⅛	—	—	—	—	—
Two years	—	—	11¼-11⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 11¾-12 per cent; four years 11¾-12 per cent; five years 12-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾-11 per cent; four-month trade bills 11¾ per cent.

Approximate selling rates for one-month Treasury bills 11¾ per cent; two-month 11¾ per cent; three months 11⅞ per cent. Approximate selling rate for one-month bank bills 12¼-12⅛ per cent; two-month 11⅞-12¼ per cent; and three-month 11⅛-11¾ per cent; one-month trade bills 12¾ per cent; two-month 12¾ per cent; and three-month 11¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from March 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10.5 per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 11.9703 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.42
Treasury Bills (26-week)	9.42
GERMANY	
Discount Rate	3
Overnight Rate	4.25
One month	4.25
Three months	4.30
Six months	4.40
FRANCE	
Discount Rate	9.5
Overnight Rate	6.75
One month	6.78125
Three months	7.0625
Six months	7.3125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.5625

هكذا من الأصل

Wall St. fractionally higher at mid-session

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—80¼% (78¾%)

Effective $2.0425 41¼% (39¾%)

WITH SPECULATIVE issues attracting the main buying interest, Wall Street moved modestly higher in fairly active early trading yesterday after Wednesday's advance, but a number of Blue Chips later met selling.

The Dow Jones Industrial Average, after gaining 7.7 the previous day and further improving to $36.28 at 11.00 am yesterday, came back to $34.63 at 1 pm, only 0.34 above the overnight level. The NYSE All Common Index was a net 6 cents firmer at $55.28, after reaching $55.35, while gains held a seven-to-five ratio lead over declines at mid-session. Trading volume came to 19.64m shares, compared with 21.33m at 1 pm on Wednesday.

Closing prices and market reports were not available for this edition.

Analysts said the widely anticipated, but still discouraging, wholesale price figures had been largely discounted. The Labour Department reported that its February Producer Price Index rose 1 per cent after a 1.3 per cent January increase.

They added that traders were waiting to see what would develop from President Carter's trip to the Middle East. Egyptian Prime Minister Khalil said Egypt would offer counter proposals to the latest U.S. suggestions.

Casino shares were strong. Volume leaders **Del E. Webb** gained 1⅝ to $21⅞, while Caesars World rose 1⅞ to $34⅜. Ramada Inns ⅜ to $11⅜ and Harrah's ⅜ to $24¼.

Savings and Loan stocks continued to benefit from take-over speculation. **Financial Corporation of Santa Barbara** put on ⅞ to $17⅞, **Golden West Financial** ½ to $12⅞ and **Financial Federation** 2⅛ to $33¼.

Rockower Brothers gained ¾ to $12⅞. The company and Woolworth have reached agreement on ending Rockower licensed departments in Woolco department stores. The deal includes sale of the assets to Woolworth, and Rockower said it may consider liquidating after the assets are sold. It also reported higher fourth-quarter profits. Woolworth picked up ¼ to $21¼.

Gulf and Western Industries reported improved fiscal second-quarter net profits and hardened ¼ to $14¼. **Royal Dutch Petroleum** gained ⅝ to $66⅜. Royal Dutch Shell announced a decline in 1978 profits.

THE AMERICAN SE Market Value Index advanced 0.76 more to 165.58 at 1 pm on increased volume of 2.17m shares (1.83m).

Among Gaming shares **Golden Nugget** moved ahead 3⅛ to $27 and **Resorts International "A"** ⅞ to $51¼.

Gross Telecasting added ⅞ at $21⅞ on higher December quarter net earnings and a raised dividend.

Canada

Markets were again irregular at mid-day yesterday after a fair business. Rises on the Toronto exchange outscored losses by 155 to 139 at noon, although the Composite index was down 1.1 at 1,394.2. Golds receded 8.3 to 1,524.2 on index, while Metals and Minerals shed 2.4 to 1,254.9, but Oils and Gas put on 1.5 to 1,997.0. In Montreal, Banks declined 1.19 to 299.94 but Utilities improved 0.44 to 206.24.

Extendicare, which announced acquisitions in the U.S. and Canada and the sale of its medical supply business, gained ⅞ to C$7⅞.

The Pipelines index was up nearly 20 points as **Transcanada Pipe** added ⅜ at C$19⅞, but the Real Estate group fell more than 99 points as **Trizec** lost ⅜ to C$18⅜ and **Cadillac Fairview** ⅛ to C$11⅜.

Germany

Stocks put on another mixed performance in what dealers said was uneven trading that varied from sector to sector.

Some Utilities, Steels and Motors were briskly traded, but dealings in other sectors was light.

Among Utilities, **VEBA** advanced DM 2.50 to DM 146.80 on news that the company was doubling its dividend, while market sources said that a vigorous demand for Steels concern **Thyssen**, which drove the shares up DM 2.00 to DM 111.70, was caused by rumours that the company will announce a healthy dividend soon.

In Motors, investor demand for leading shares pushed **Volkswagen** up DM 1.90 and **BMW** DM 1.00 higher.

Chemicals were also favoured, with **BASF** and **Bayer** each posting gains of DM 1.30. **Hoechst** rose DM 1.00 and **Degussa** climbed DM 2.30.

Stores, in contrast, reacted after Wednesday's strong showing, with **Karstadt** losing DM 2.00 and **Horten** DM 1.00.

Machine Manufacturers had **Linde** DM 3.00 firmer but **KHD** down DM 2.00.

AEG, in Electricals, slipped by 90 pfennigs after the company reiterated its 1978 losses will be around DM 350m.

On the Domestic Bond market, selling pressure lessened, with public authority issues showing just small fresh losses ranging to 20 pfennigs and Bundesbank net purchases amounted to only DM 2.1m nominal of stock. Mark Foreign Loans were mostly maintained.

Tokyo

With profit-taking alternating with selective buying, stocks showed no clear trend yesterday. Business was again moderate, with turnover amounting to 220m shares (240m). The Nikkei-Dow Jones Average managed a small gain of 8.73 to 6,026.01, although declining issues narrowly led rises.

Some high-priced Electricals succumbed to profit-taking, **Pioneer Electronic** receding Y30 to Y2,220 and **TDK Electronics** Y20 to Y1,780, but **Sony** advanced Y40 to Y1,760.

Vehicles and Communication Equipment issues attracted "cheap" buying, with **Honda Motors** improving Y5 to Y475 and **Matsushita Industrial** Y6 to Y665.

Elsewhere, **Mitsui** moved ahead Y15 to Y308, **Fuji Photo Film** Y16 to Y651, **Canon** Y9 to Y556 and **C. Itoh** Y11 to Y249.

Paris

Bourse employees have voted to continue their strike for higher wages until March 16 inclusive, the employees' union said yesterday. There have been no share, bond, currency or bullion quotations from the Bourse since February 26.

The union had earlier yesterday rejected the latest management proposals on pay.

Some 1,264 Bourse employees voted to continue the strike, while 908 voted to return to work, the union stated, but added that any new management proposals would be put to the vote and the strike could be suspended before March 16 if the vote is favourable.

Australia

There was a firmer trend on Australian markets yesterday, with selected Resources stocks closing prominently higher. The Sydney All Ordinary index put on 2.82 to 590.33.

Offshore demand helped **BHP** rise 25 cents to a new 1979 high of A$10.95.

A number of Coal stocks advanced on continuing uncertainty over oil supplies and prices, with **Bellambi** adding 20 cents at A$4.00, **Coal and Allied** 10 cents at A$4.95 and **Utah** 5 cents at A$4.50, but **Oakbridge** reacted 3 cents to A$1.56.

An upturn on the London Metals Exchange was reflected in some gains by other mining issues, and **CRA** rose 7 cents to A$3.78, **MIM** 5 cents to A$3.18 and **North Broken Holdings** 4 cents to A$1.67.

Among Uraniums, **Queensland Mines** hardened 5 cents to A$3.30 on news of official approval for the Nabarlek uranium project. **Pancontinental** moved ahead 60 cents to A$12.40.

Associated Pulp and Paper climbed 10 cents to A$2.50 after **North Broken Holdings** announced that it had purchased another 1.29m shares to take its shareholding to 10.58m.

Switzerland

With investors discouraged by the sharp February increase in Swiss consumer prices, growing fears of higher 1979 inflation, and an expected tighter Swiss Central Bank money supply policy, Bourse prices mainly declined in moderate activity.

The Swiss Central Bank is expected to dampen inflationary pressures by tightening the money supply, which it had permitted to grow considerably in 1978.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Mar. 7	Mar. 6
Abbott Labs	30½	29⅞
AM International	18⅞	19⅛
Adobe Oil & Gas	21⅛	20⅛
Aetna Life & Cs.	42⅛	42⅞
Air Products	25⅜	25½
Alcan Aluminium	36⅛	35⅞
Alcoa	55½	54
Corning Glass	53½	52¾
CPC Int'rnational	51⅛	50⅝
Crane Co.	29⅞	29
Crocker Natl	27	26½
Crown Zellerb'h	32⅞	33⅝
Cummins Engine	34⅛	34⅛
Curtiss Wright	13⅞	14
Dana	27⅜	26⅞
Dart Industries	38⅛	38
Johns Manville	25⅝	23
Johnson Johnson	68¼	67¾
Johnson Control	27½	27⅛
Joy Manufacturg	30½	30⅝
K. Mart	23¾	23⅝
Kaiser Alumini'm	19⅞	19
Kaiser Industries	2½	2⅛
Kaiser Steel	25⅞	25
Kaneb Services	14	14⅛
Kay	16	16⅝
Revlon	48⅝	49¼
Reynolds Metals	35⅞	35¼
Reynolds R.J.	56½	65½
Rich'son Merrell	22¼	22½
Rockwell Inter	36⅝	36¼
Rohm & Haas	36⅝	38½
Royal Dutch	66¼	65¾
RTE	11¼	11
Ross Togs	10¼	10½
Woolworth	21¼	20½
Wyly	5	4¼
Xerox	55	54½
Zapata	13⅝	13⅝
Zenith Radio	13¼	13⅝
U.S. Treas.4% '80	†95	†95
USTreas4¼%75-85	†79½	†79½
U.S. 90-day bills	9.41%	9.40%

Indices

NEW YORK —DOW JONES

	Mar. 7	Mar. 6	Mar. 5	Mar. 2	Mar. 1	Feb. 28	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	834.58	826.86	827.36	815.75	815.84	808.82	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.76	84.60	84.47	84.45	84.42	84.50	90.86 (4/1/78)	84.09 (15/1/79)	—	—
Transport	211.75	209.97	211.04	206.56	207.98	205.65	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.25 (8/7/32)
Utilities	103.53	103.48	103.38	103.11	103.11	102.30	110.98 (3/1)	97.75 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	28,390	24,590	28,690	23,190	23,830	25,170	—	—	—	—

◆ Day's high 841.04 low 829.28

Ind. div. yield %	Mar. 2	Feb. 23	Feb. 16	Year ago (approx)
	6.04	5.95	5.91	6.22

STANDARD AND POORS

	Mar. 7	Mar. 6	Mar. 5	Mar. 2	Mar. 1	Feb. 28	1978-79 High	1978-79 Low	SinceC'mpil't'n High	SinceC'mpil't'n Low
‡Indust'ls	109.67	109.01	109.25	107.94	107.85	107.29	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	5.56 (30/6/32)
§Composite	98.44	97.87	98.06	96.97	96.58	96.28	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Feb. 28	Feb. 21	Feb. 14	Year ago (approx).
Ind. div. yield %	5.28	5.07	5.07	5.57
Ind. P/E Ratio	8.73	9.01	9.98	8.40
Long Gov. Bond Yield	9.06	8.01	8.98	8.23

N.Y.S.E. ALL COMMON

Mar. 7	Mar. 6	Mar. 5	Mar. 2	1978-79 High	1978-79 Low
55.22	54.88	54.96	54.37	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Mar. 7	Mar. 6	Mar. 5
Issues Traded	1,825	1,862	1,863
Rises	1,015	586	1,050
Falls	390	758	408
Unchanged	420	694	388
How Highs	61	15	21
New Lows	10	12	23

MONTREAL

TORONTO Composite

JOHANNESBURG

CANADA

GERMANY ◆

TOKYO ¶

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♠

PARIS

COPENHAGEN ♣

MILAN

VIENNA

SPAIN ♥

BRAZIL

WEDNESDAY'S ACTIVE STOCKS

BASE LENDING RATES

EUROPEAN OPTIONS EXCHANGE

THE PROPERTY MARKET BY CHRISTINE MOIR

Carena Bancorp studies EPC bid

CARENA BANCORP, the private Canadian company owned by the Bronfman Brothers is clearly contemplating an independent bid for English Property Corporation. S. G. Warburg has been appointed as financial adviser and immediately announced last night that Carena had severed its links with Wereldhave, the Dutch bidder. As a result Wereldhave has now withdrawn from the contest for EPC.

Mr. Harold Milavsky, chief executive of Trizec Corporation and a director of Carena, is at present in Paris inspecting EPC's properties there. He has already seen the Brussels buildings.

Before Wereldhave raised its bidding for EPC to 56p in an attempt to defeat Olympia and York, the other private Canadian suitor, it signed an agreement with Carena over Trizec, in which EPC has a 30 per cent stake.

Under the deal Wereldhave promised if it acquired EPC to consolidate EPC's holdings in Trizec with those of Carena. This would have reduced EPC's stake to 40 per cent and increased Carena's to the same amount. The benefit, apart from the C$35m or so which Carena was prepared to pay for the extra 10 per cent interest, was an agreement to share management control of Trizec. At present, EPC has no say in Trizec's future which is masterminded by Carena.

Now, with Wereldhave apparently reluctant to raise its bid for EPC again above the 60p Olympia is offering, Carena seems to have decided to go it alone. If it wins EPC, of course, the deal with Wereldhave would be null and void since Carena would inherit EPC's 30 per cent of Trizec to add directly to its own 30 per cent.

With three suitors clamouring for its attention, EPC's board must be finding it difficult to concentrate on day to day management.

However, it has just announced that it has let half of St. Paul's House, Leeds, its modernised Victorian showpiece in Park Square.

Three floors, totalling 32,400 sq ft, have been let for £4.50 a ft to the Housing Corporation, Honeywell, and Arthur Andersen, the international accountants.

If the ground floor fetches the asking price of £5 a ft and the remainder of the space fills up, the property must be worth around £6m.

Northfield land report delayed

THE REPORT by the Northfield Committee on the pattern of ownership of agricultural land is in its final draft. But there is little chance that it will see the light of day for at least three or four months — and possibly longer.

The report was first expected last summer: then Christmas became the likely date: and when that passed Easter was mooted. The evidence has all been collected, months ago.

Rumours are now circulating that the report will be delayed until after the election, although the committee itself will only say that publication cannot be expected until June at the earliest.

During his investigations Lord Northfield was assured by the institutions that their presence in the market was not as influential as the local working farmers themselves and that their ownership was part of the tradition of British farming with land owned by the Crown, the universities, the charities and the State.

He himself gave the impression during public meetings that he thought some of the fears about institutional penetration were hysterical and unfounded.

If that impression has prevailed through to the final draft, the Government might prefer to let the document lie rather than appear to support a City takeover of the country's farmland during the run up to an election.

OBITUARY

Stephen Laurie

STEPHEN LAURIE died on Friday, March 2, after a very short illness, at the age of 43. Between 800 and 900 people attended the funeral at the United Jewish Cemetery at Bushey. Mr. Laurie was educated at St. Pauls School and the College of Estate Management and became a chartered surveyor in 1961.

He spent his early working life with Richard Ellis and Goddard and Smith and later joined Michael Laurie and Partners, of which he was a senior partner.

From 1971-74 he was a director of Town and City Properties. He had numerous friends throughout the profession and was involved in many of the large property transactions of recent years.

He leaves a wife and three children.

● Commercial Union Properties has paid £1.25m for a 12,000 sq ft refurbished office block in Kings Road, Reading, let to Bank America Finance. The rent roll is £72,000 which gives CU a return of 5.8 per cent. The building has been virtually rebuilt behind the facade and is air-conditioned.

Static office yields ahead

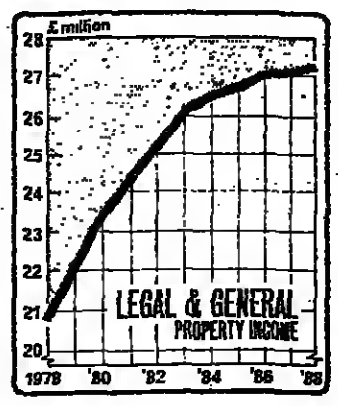
MR. PETER SIM, Legal and General's property fund manager, expects office yields to remain static this year because the market is pretty well in balance. However, he also expects strong capital growth on the back on increases in rental values.

On the development front, he believes, industrial and shop property will hold the field if only because "outside London very few office schemes are viable."

His own fund is actively trying to increase its investment in industrial developments.

The annual report of the fund, published this week, shows 3.7 per cent of the total by value has already been ploughed into development whereas in 1977 that column was blank.

The rest of the mix has not changed much. Offices still account for 47 per cent of the £416m fund: the shops element has risen a little to 28 per cent: and 2.3 per cent is committed to agriculture. Industrial investments account for 10 per cent.



At the end of the year the fund was considerably less liquid than it had been 12 months previously. Short term investments totalled only 8.4 per cent compared with 12.4 per cent although the actual sum involved—£35m—was identical.

Between the two dates the market value of the fund grew from £282m to £416m. This included £40m of capital appreciation. During the year the development programme absorbed £13.5m, £1.7m was spent on improving existing properties, and £57m was spent on purchases.

The report contains an interesting income projection graph, reproduced here. It covers the existing investment portfolio only, excluding properties under development. The chart shows estimated rental income after deduction of ground rents and expenses at each review based on 1978 market rents.

● Leases have been exchanged on 96,000 sq ft of warehousing at the Thornton Road, Croydon scheme owned by Fleming Property Unit Trust and developed by London Mercantile Holdings.

Following the 47,106 sq ft letting to Harris Queensway Group at £2.50 a sq ft, Marley Homecare has taken 28,768 sq ft at £2.70 a sq ft. A third tenant is Mills and Boone and terms have been agreed for most of the remaining units in the 161,400 sq ft scheme at rents ranging from £2.40 upwards.

Fleming Property Unit Trust has, in the last quarter, also increased its industrial portfolio by purchasing pre-let warehouse developments under construction at Park Royal, London NW10 and Hambridge Road, Newbury. The 70,000 sq ft development at Chase Road, Park Royal has been pre-let to All port Freight and to Rochas Perfumes at £2.50 a sq ft.

This brings the overall size of the trust to £121m, a 36 per cent increase in the last year.

Ludgate Hill lease move

THE KEY to the £15.75m purchase by Prudential Assurance of the long leasehold of Juxon House on Ludgate Hill, London, was the restructuring of the lease held by the main tenant, Barclays Bank Trust.

The bank originally took the lease back in 1966 when reviews were seven years apart if not longer. Acting for the owners, the Church Estates Development and Trollope and Colls, Laings and Wimpey, Richard Ellis persuaded the bank to accept a modern lease.

This made the building more saleable and created competition amongst institutions for the 108,000 sq ft. Offices account for 81,000 sq ft and then there is 27,000 sq ft of retail, storage and office space in addition.

On an average rent of £7 a foot, the price the Prudential has paid suggests a yield of 4.8 per cent.

Hampshire estates attract

FOLLOWING last week's news of forward investment sales on the Chandlers Ford industrial estate in Eastleigh, Hants, comes further confirmation of the area's popularity with industrialists.

Bryant-Samuel Properties started construction on phase 1 of the Fareham Industrial Park in Fareham 18 months ago. Already the entire 185,000 sq ft are let or under offer, according to joint agents Phoenix Beard and L. S. Vail.

The agents also note that in the past six months asking rents for the units have risen from £1.50 to £2. No wonder the developer is pressing ahead with the second phase of 116,000 sq. ft.

On the basis of the rents achieved already and the sort of yields possible for brand new let estates in the area, the capital value of the two phases must be in excess of £7m.

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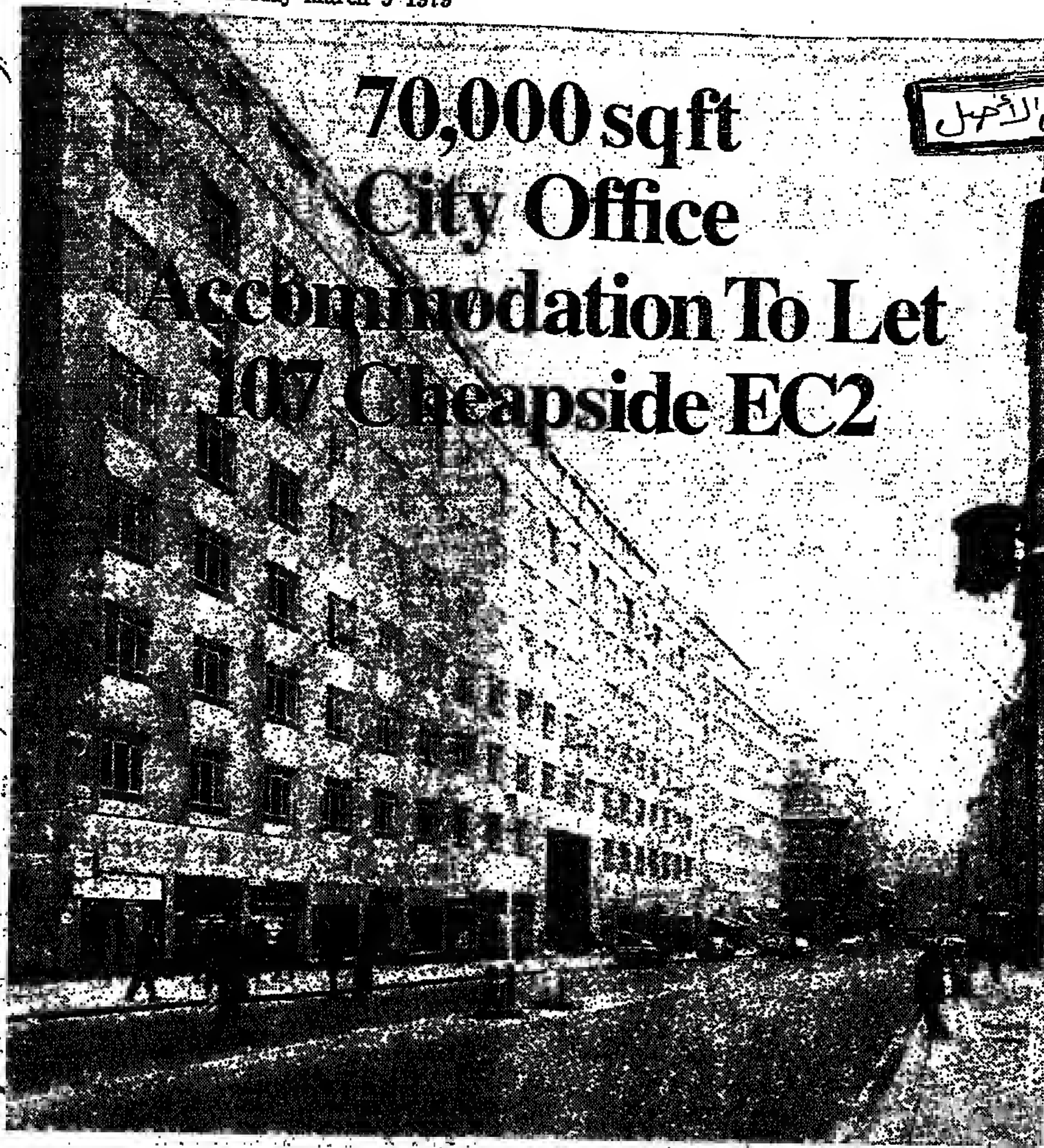

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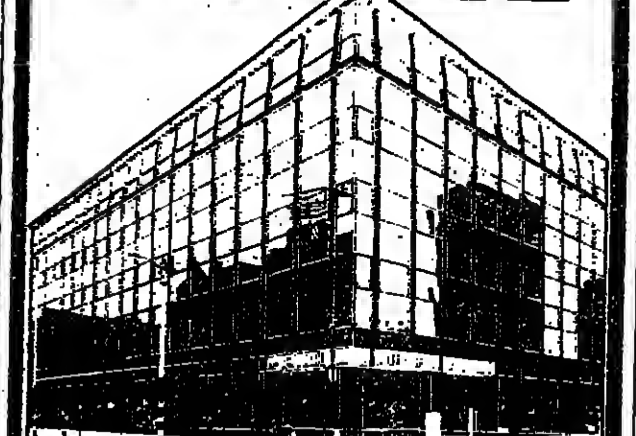

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ENERGY REVIEW

BY DAVID FISHLOCK

The man who wants to know where the energy money goes

THE BRITISH Government will within the next few months through the Social Science Research Council, place contracts totalling the best part of £750,000 for a line of energy research that it has been rather reluctant to fund in the past. Broadly speaking, it can be called energy economics — the science of energy investment.

It is an area of considerable interest to the oil companies, to state energy industries and mining industries, but one largely neglected by Government except for some recent efforts within the Department of Energy. The Social Science Research Council began to examine the area in 1976, when it invited Mr. Michael Posner, Reader in Economics at the University of Cambridge, to identify areas of work it might undertake. Mr. Posner, 47, was economic adviser to the Ministry of Power in the 1960s, and since then successively to the Treasury, the IMF, the National Economic Development Office (NEDO), the Department of Energy and, most recently, British Rail.

The trouble with social scientists, as one well-known energy pundit who helped Mr. Posner to shape his report remarked recently, is that they produce 2 inch thick reports with no conclusions: "When you ask for the executive summary they just look surprised."

On January 1, Mr. Posner took over as chairman of the Social Science Research Council, smallest of the five research councils reporting to the Secretary for Science. It has a budget which this year will total about £15.6m of the total science vote nf £286m, of which it spends only about £6m on research. It falls to Mr. Posner to implement the programme of energy research which he drew up in 1977-78 as chairman of the council's energy panel.

Since his research council has no laboratories or units of its own, it will be placing energy research contracts with university departments and "think tanks" throughout Britain. This will be much the biggest of four kinds of support for energy research, the others being the convening of energy seminars, fellowships for junior researchers, and funds for energy research centres. Together they total the biggest single initiative by this research council: some £750,000 at January 1978 prices, spread over five years.

Was his colleague right about the inconclusive nature of much of this sort of work? When I asked Mr. Posner recently he cautiously replied that it was certainly important to write "fairly strong and tough contracts." But the venture was a new one, of which the research council was only just gaining its first experience as a customer for research. And it was essentially interdisciplinary research—"less full of technical fireworks than work in a narrow discipline." It is well understood that work in such an area is "less dazzling, rather harder to do, possibly rather more worthwhile."

One of the earliest suggestions, put forward by Sir Brian (now Lord) Flowers in 1977, was that someone might investigate the best way for a democratic society to reach the right decisions on energy investment. The Windscale Public Inquiry into the plans of British Nuclear Fuels to expand its reprocessing capacity offered a unique opportunity for study. Was the inquiry conducted by Mr. Justice Parker—which came to an unequivocal decision in favour of granting planning permission—the ideal way of dealing with a big energy project?

A don on Mr. Posner's energy panel was eager to study the subject. Professor David Pearce, professor of political economy at the University of Aberdeen, "had shown considerable technical and economic skills in his published work up to that time." He was given a modest grant of merely £6,000 to investigate the role of the public inquiry in energy policy. His brief was to look at the Windscale inquiry and to draw lessons for future public inquiries — not necessarily energy inquiries.

His final report will be published by Macmillan this autumn. "Nobody loves it very much," says Mr. Posner. "Do I agree with its conclusions? I think I say no." But he admits that he is unrepentantly a supporter of nuclear energy, and Professor Pearce sometimes barely hides his hostility towards the nuclear industry. The Energy Panel neither approved nor disapproved of the findings of the report, but suggested amendments, then agreed unanimously that it should be published.

Michael Posner: he wants tough contracts. Ashley Ashwood

Mr. Posner believes that Judge Parker did a good job with his Windscale report. But he also believes that Professor Pearce is probably right in concluding that something different is required for the next "national" energy planning inquiry. In the mid-1970s Mr. Posner himself was chairman of a planning inquiry in Leicestershire, and was struck by the disparity between the resources available to those for and those against the plans. "It was not really a fair contest."

Proposals embodied in Professor Pearce's report have already been endorsed by the Environment Secretary, Mr. Peter Shore, in a statement last September. For example, the Vale of Belvoir inquiry which begins next month to examine the National Coal Board's plans to open a large new mining venture in an area with no previous mining tradition will sweep in national questions relating to need, and the possibilities for mining the coal elsewhere, as well as to the more traditional local matters such as environmental and economic impact. We could well find the UK Atomic Energy Authority being called to give a nuclear industry view on the need to develop new coal resources.

The most obvious structural change will be that the inquiry is divided into two parts, with the first embracing the national issues, in the Environment Secretary's words "to assess the background and need." Its report will then form a major background document to the main site-specific inquiry in October. Mr. Shora has also indicated that he favours this two-part inquiry for the forthcoming one on the UK Atomic Energy Authority's plans for a fast breeder reactor.

But one "Pearce Report" on how decisions are reached is not enough, Mr. Posner believes. He wants half-a-dozen studies of the same kind, from which his energy panel might sort out the nuggets. He accepts that none will be impartial, but the aim would be to find independent analysts to provide "objective, disinterested scholarship." Professor Pearce, he says, would then probably be at one extreme of a spectrum of opinion. "And I want to see the chaps we funded on both sides of any public inquiry."

An alternative scheme has been proposed by Lord Flowers, namely that the energy panel might attempt to model its own inquiry, then try to decide what evidence should be submitted to enable it to reach a decision. Not the least problem would be the risk of pre-empting a real inquiry if the researchers made a wholehearted attempt to be realistic about their modelling.

An idea that tempted the Social Science Research Council was for all its energy funds to be invested in one new energy research institution, along the lines of that of the Massachusetts Institute of Technology. So far the temptation has been resisted, in favour of spreading the funds more widely. But that does not preclude the idea of new research units being launched with its funds.

Overall the Council's aim still is to concentrate much of the funding in a relatively small number of "designated centres," perhaps no more than four, some of which it has already picked out as having the potential for counterbalancing the effort the oil companies and nationalised industries bring to bear in this field. Three have attracted particular attention, as having the intellectual resources to tackle big questions. One is the Science Policy Research Unit under Professor Christopher Freeman at the University of Sussex. To Mr. Posner: "They know politics and have a lot experience hopping from piece of thin ice to another." Another is the Department of Economics at the University of Surrey, led by Professor Robinson. The third—probably the largest British university group engaged in energy s...—is one headed by Dr. R... Eden at the Cavendish Laboratory in Cambridge.

The "big questions" isolated by the energy panel include "elasticity of demand" for different sources of energy. These are seen as particularly suitable for treatment by independent units since the energy industries themselves can be expected to take a truly dispassionate view. One project already inspired by the energy panel discussion has been mounted by a psychologist at the London School of Economics, who is investigating how people see their domestic fuels—a decision process apparently little understood by the energy companies.

Energy supply technology and supply-demand balances raise two more big questions. A fourth—"where we're weakest"—is the political and market structure. Why, for example, do different producing countries have different policies for oil taxation? Another question Mr. Posner wants to see tackled is what leads to energy saving being taken up publicly. Why are people so enthusiastic about the idea of combined heat and power, for example, when the economic case is often doubtful?

"And we have to fund some oddballs," he says. "People want us to do it." He means researchers whose views lie well outside the stream of energy thinking. He includes in this category Gerald Leach, whose report describing a low-energy strategy for the UK purports to show how Britain could stabilise its energy demand by sufficiently intense attention to energy saving. Could it be? "I think Leach has estimated by a factor of ... perhaps by a factor of ... the amount of conservation possible."

هكذا من الأصل

COMMODITIES and AGRICULTURE

World meat record forecast

WASHINGTON — Meat production will set a new record this year in the major meat producing countries of the world, the U.S. Department of Agriculture predicts, reports AP—Dow Jones.

Beef and veal production is expected to decline to almost 18.5m tons from last year's 19.2m because of drops in the U.S., Canada and Japan, although production in the European Common Market countries is expected to rise. But pork, poultry and lamb will more than make up the difference.

Total meat production in the European Common Market, Japan and Canada is expected to reach more than 48.1m tons compared with almost 47.3m in 1978.

In the U.S., by far the biggest producer, prices are due to rise as there will be sharp reductions in supplies of manufacturing beef as slaughter of cows and other grass-fed cattle declines. This is expected to lead to heavy U.S. demand for imports.

The U.S. has set imports this year at about 712,000 tons for products subject to the meat import law. These imports will likely account for 85 per cent of total U.S. beef imports. But total U.S. beef and veal imports are expected to reach 1.1m tons in 1979.

Japan is expected to increase its imports by about 20 per cent over last year, for a total of 230,000 tons. But Japanese pork imports will go down because of expected increase in home production.

South Korea, which became a major beef importer in 1978, is expected to keep its imports high in this level, with most of the supplies coming from Australia and New Zealand, though the availability from those two countries is due to be considerably reduced.

Australian beef supplies should be very tight, the U.S. forecasts predicted, and New Zealand's production is due to rise 14 to 16 per cent.

In the Common Market, pork production is due to rise about 3 per cent, peaking some time this year and poultry production is expected to rise 3 per cent. Beef imports will rise slightly, to 506,000 tons from 477,000 tons, the U.S. Department of Agriculture says.

Brazil, a traditional exporter of beef, had to import 125,000 tons last year and is expected to import another 100,000 as herds are rebuilt, with Argentina and Uruguay the main suppliers.

Big EEC apple surplus destined for destruction

BY CHRISTOPHER PARKES

THE COMMON MARKET may have to dump, bury or otherwise dispose of up to 500,000 tonnes of surplus apples left over from last year's crop.

National Farmers' Union officials say 300,000 tonnes have already been taken off the market and with producers now clearing out their stores at the tail-end of the season, a further 200,000 tonnes may have to be cleared to prevent a prices slump.

The EEC Commission has so far received formal notification of the disposal of 90,000 tonnes. France, as usual, has yet to submit full returns.

Most of the disposals have taken place in France and Holland although between 600 and 2,000 tonnes of Cox's Orange Pippins have also been disposed of in the UK.

British farmers getting rid of their surpluses under EEC intervention arrangements will be paid about 3p to 4p a pound from the Community farm fund. Average retail prices for European apples in Britain this week are between 12p and 28p.

While sanctioning the destruction of surpluses the Brussels authorities have been in touch with Southern Hemisphere suppliers.

Shippers in New Zealand, South Africa and Latin America who are now preparing to send fresh new-crop apples have been asked to limit shipments.

The object is to prevent incoming new-crop supplies from over-lapping with the annual clear-out of old-season European apples.

If the over-lap were to occur the EEC intervention authorities might find themselves asked to take on even more apples and the southern shippers' prices could be seriously depressed by the general over-supply.

Surplus EEC apples are supposed to be disposed of in hospitals and other non-profit making markets, but most are usually simply dumped and allowed to rot.

NFU officials said the problems this season were caused by the heavy crops of small apples last autumn. Consumers, notably the immigrant population and office workers buying single apples for lunch, preferred large fruit.

Potential outlets in the cider industry were also excluded because the small apples were not suited to much of the processing equipment.

The British Apple and Pear Development Council said the farmers' difficulties were compounded by the large crops produced on back-garden trees last year, and sales last autumn were affected by growers who rushed to market with heavy supplies of immature and badly-graded fruit.

Under normal circumstances the British apple crop would be almost finished by now, but Cox's are expected to be available until the end of next month while the bumper crop of Bramley cooking apples could last until June or July, the council said.

European plantings of beet to rise

By Our Commodities Staff

WEST GERMAN sugar statistician F. O. Licht expects European sugar beet plantings to rise this year.

In his first estimate of European 1979 sugar beet areas, published yesterday, he puts the total at 7,874,000 hectares compared with 7,794,000 last year and 7,805,000 in 1977. Of this 2,618,000 hectares are predicted to be planted in Western Europe and 5,256,000 in Eastern Europe.

Last year Western Europe accounted for 2,560,000 hectares and Eastern Europe 5,234,000. The EEC's share this year is put at 1,759,000 hectares against 1,754,000 in 1978.

London sugar traders found the forecast "slightly disappointing." They had expected a small decrease in plantings. But most agreed that the weather during the growing season would be more important in determining the production total than marginal changes in the planted area.

Reports that the Sudan had bought about 80,000 tonnes of white sugar at a tender on Wednesday made for a steady market yesterday morning and the August futures position climbed to £112.40 a tonne at one stage.

But values declined in response to the Licht forecast and August sugar ended the day £0.475 lower on balance at £111.925 a tonne.

EEC food aid plan for Third World

BRUSSELS—The EEC Commission has proposed food aid to the Third World worth $720m.

The proposal includes 720,500 tonnes of cereals, 150,000 tonnes of milk powder and 45,000 tonnes of butter oil, to be divided among various countries.

The shareout has to be decided by the EEC's Council of Ministers who would also give final approval to the proposal.

The Commission proposal provides for 524,300 tonnes of cereals to be directly distributed, mainly to South-East Asia and Egypt, with 56,200 tonnes held in reserve.

Some 78,500 tonnes of milk powder should be distributed directly, including 31,000 for India.

Reuter

Stockpile Sales Bill go-ahead

THE FIRST hurdle blocking sales of surplus commodities from the U.S. strategic stockpile was cleared yesterday with the passage by the House armed services committee of an updated Policy Bill. This was followed immediately by approval of a Bill authorising the sale of 35,000 long tons of tin from the stockpile.

Passage of the Bills by the full House could come any time after three days. No significant opposition to the Bills has developed in either the House or the Senate, although the Senate has yet to vote on either measure.

All commodity stockpile legislation in the House had been held up for consideration by Rep. Charles Bennett, chairman of the Stockpiling Sub-committee, who insisted that specific sales and purchases would have to wait until passage of a policy Bill.

The Bill, as it now stands, specifies that stockpiling of strategic wartime materials be designed solely for defence purposes. In recent years economic consideration has played a large part in determining sales and purchases.

The Bill fixes stockpile reserve goals as those sufficient to meet the threat of a three-year war. The General Services Administration determines the "goals" and is expected to review and revise these figures in the near future.

The Policy Bill also establishes a revolving fund to hold sales and receipts from which stockpiling purchases can be made.

Despite the announced intent to consider sales on the basis of defence needs, the tin Bill is viewed favourably by many Congressmen as an inflation fighting move.

The Tin Bill passed by the committee did not specify a release of 5,000 long tons to the International Tin Council's buffer stock as had been expected. However,

Our Commodities Editor writes: News of the further progress in finally securing stockpile tin releases had little impact on tin prices on the London Metal Exchange yesterday.

Farm incomes top league

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission has produced figures showing that in the past decade farmers' real incomes rose by an average of 3.3 per cent a year, outstripping income growth in all other economic sectors.

Mr. Finn Gundelach, the Agriculture Commissioner, is expected to use these figures to counter farmers' claims for a 4 per cent rise in common farm prices, and to defend Commission plans for a price freeze.

The figures show that on a gross added-value basis, farm incomes rose 3.9 per cent a year between 1969 and 1978. Non-farm incomes rose only 3.4 per cent.

Figures for 1978 (excluding the potato sector which was hit by a price slump) show real incomes in farming rose by an average 4.1 per cent, against 2.5 per cent in the non-farm sector.

DUTCH AGRICULTURE

Cheap feed keeping pig industry alive

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE EUROPEAN pig industry is facing a crisis of over-production and could have found itself in very deep trouble indeed.

But the main expansionist countries, Holland, Belgium and Denmark, have the advantage of exporting with the aid of monetary compensatory amounts (MCAs) to the weaker currency areas—Britain, France and Italy.

MCA subsidies and levies are designed to compensate for variation in currency values within the Community. This, according to the rule of the Common Agricultural Policy is fair enough. But the situation is aggravated by the way in which the pigmeat MCAs are calculated.

At the moment they are determined according to a theoretical intervention price for pigmeat. But because a pig is basically a bag of cereal or other feed, the British—and other importing countries—are pressing for MCAs to be calculated on the cereal content of the rations used to produce the pork.

The MCA on bacon imported from Holland, for instance, is £258 per tonne at the moment. A 5 per cent devaluation of the Green pound should mean, according to Dutch sources, a reduction of 10 per cent in the MCA subsidy.

Half existing rate

This would be difficult enough for the Dutch to bear in the present state of the market. But a recalculation of MCAs on the cereal content basis would probably halve the existing rate of MCA, without any devaluation of the Green Pound.

Such a move would bring a modicum of fairness into the situation because the MCA would then reflect, as it does with poultry and eggs, the difference of the cereal feed cost between countries. But the chances of achieving this reform are dubious to say the least.

After making a considerable fuss about this matter some months ago, Mr. John Silkin now seems to have reduced his pressure, probably because of the possible effect on the cost of living here.

The pressures on the Dutch pig industry were well illustrated on a visit I made to Holland last month. There is no question about its efficiency. The pig breed used, their husbandry and marketing are first class. In some respects it is a more flexible system than that of the Danes with their dependence on the bacon pig.

Restrictions in UK

The Dutch pig is claimed to have a higher lean content than any other in Europe, and while this claim is debatable, it produces some first-class pork. Fortunately for British farmers they cannot yet compete in the UK market with fresh meat because of animal hygiene restrictions.

At the moment the prices received by Dutch farmers are roughly the same as those operating in Britain, and they are only at that level because of the MCA subsidies received by the processors. It is very doubtful if a cut of more than 5 per cent in the UK Green rate could be absorbed by either the processors or farmers. A recalculation would deal the Dutch industry a crushing blow.

Dutch pig farmers can only exist, even at present prices, because of the widespread specialisation and streamlining that has been applied to the industry of late.

I visited an area near the town of Venray in south-east Holland, a district of poor sandy soil and small farms. There is a great concentration of pigs there, something like five for every inhabitant of the district; the smell of the slurry pervaded even the wintery atmosphere.

The average herd size on fattening farms with three or four hundred places is 80-100 sows. Few farms have much land and this is used for disposing of slurry on which maize is grown for sale to diary farmers making silage.

The buildings I saw were designed for easy working, with all the pigs on slats or gratings. Some had automatic feeding. Some of the new ones were quite as expensive as anything that could be put up in Britain.

The basis of the industry's viability seemed to be the absence of labour (a man would cost between £8,000 and £10,000 a year including all social charges), and the remarkably efficient feedingstuffs industry—the result I am sure of long-term planning. It is obvious that if no labour is employed a farmer can withstand a hard time that much more easily.

On feeds the Dutch are way ahead of anything being done in Britain. But this isn't quite fair to the UK industry, because the circumstances are very different. The Dutch were faced with the closure of their ports to cheap grain imports by EEC membership years before Britain joined, and this gave them a powerful incentive to look for substitutes.

The best known of these is tapioca, or manioc, which enters the EEC on a 6 per cent import levy. But the increasing imports of manioc, up from 1m tonnes in 1974 to 7m in 1979 did not happen by chance. The suppliers were encouraged, processing plants were built abroad, and now the Dutch and Germans too are reaping the rewards of their foresight.

Frequent changes

But manioc is not the only substitute by any means. Formulations are changed weekly, or even daily, as possible ingredients are constantly evaluated. By these means the prices of Dutch compounds are kept some 15 or 20 per cent less than those in countries which still rely on cereals at EEC prices. It is this margin which is allowing the industry to exist at the moment.

I am certain that on a basis of fair trading and equal costs British pig farmers could compete with the Dutch, or any one else I have seen in Europe. But considerable adjustments will have to be made, particularly in feeding systems and the employment of labour. My visit gave me a lot to think about.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on the London Metal Exchange. After the overnight Comex close metal fell away to £1,01[illegible] in the morning kerb, following a lack of follow-through and nervous selling above the £1,005 level. In the afternoon a downturn on Comex and stop-loss selling saw forward metal fall to £985 at one point, but it was quickly bid up from below that level and rose to £998 before closing at £993 on the late kerb. Turnover 11,725.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	981-2	—17	980.5-1.5	—15.7
3 months	1000-1	—18.7	997-8	—15.7
Settlem't	982	—17	—	.....
Cathodes				
Cash	975-7	—7.5	974-5	—10
3 months	991-2	—7	991-2	—10.5
Settlem't	977	—7.5	—	.....
U.S. Prod.	—	.....	*97-98	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £982, three months £1,007, 6, 5, 4, 3, 2, 1, 1,000. Cathodes, three months £992. Kerb: Wirebars three months £1,000, 999, 98, 97, 96. Afternoon: Wirebars three months £994, 93, 92, 91, 93, 92, 91, 93, 94, 95, 96, 95.5, 94, 93.5, 94. Afternoon: Wirebars three months £986, 86, 87, 88, 86, 88, 88, 87, 86, 97, 96, 95, 96, 97, 98, 97.5, 97. Cathodes three months £992. Kerb: Wirebars three months £994, 95, 94, 93, 92, 92.5, 92, 91, 90, 91, 92, 93, 94, 95, 96, 95, 94, 92.

TIN—Unchanged. Forward metal opened at £7,180 and rose to £7,190 on the pre-market owing to the initial rise in copper. However, the major feature of trading was the further widening in the backwardation to around £200 at one point, reflecting a renewed shortage of nearby supplies owing to the redirection of European supplies to the U.S. In the afternoon the price fell to around £7,200 to £7,140 before closing at £7,170 following the decline in copper and the rise in sterling against the dollar. Turnover 1,240 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7560-70	+15	7520-40	+19
3 months	7180-90	—40	7150-60	—48
Settlem't	7570	+10	—	.....
Standard				
Cash	7360-5	+50	7320-40	+12.5
3 months	7165-70	—45	7145-50	—40
Settlem't	7365	+30	—	.....
Straits E.	$1935	—8	—	.....
New York	—			

Morning: Standard cash £7,350, 60, three months £7,180, 75, 70. Kerb: Standard three months £7,170, 93. Afternoon: Standard three months £7,150, 40, 45, 50. Kerb: Standard three months £7,150, 60, 70, 60, 70.

LEAD—Little changed on balance with the market mainly influenced by the trading in copper and silver. Conditions were unsettled. After forward metal had started steadily at £536-£540 a lower trend prevailed and £529-£530 was traded before buying interest lifted the price to £534 and a close on the Kerb of £532. Turnover 11,875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	580-2	—8.5	588-90	+.5
3 months	556.5-7	+4.25	555-4	—.75
Sett'ment	592	+9	—	.....
U.S. Spot	—	.....	44	.....

Morning: cash £593, 92, three months £539, 38, 39, 39.5, 36, 37, 36, 36.5, 37. Kerb: three months £533, 34, 35, 34. Afternoon: three months £532, 31, 30, 29, 28, 29, 30, 31, 32, 33. Kerb: three months £534, 33, 32.

ZINC—Easier, tending to follow the same trading pattern as lead, although business was not so active. Forward metal began at £397-£340 but then slipped to £392 before closing on the Kerb at £393. Turnover 11,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	385-6	—1.5	380.5-1	—7.25
3 months	387.5-8	—.75	382-3	—6.25
S'ment	386	—1.5	—	.....
Prim.west	—	.....	55.5-7.5	.....

Morning: three months £395.5, 93, 97.5. Kerb: three months £397, 95. Afternoon: three months £394, 93, 91, 93, 92.5. Kerb: three months £392.5, 93, 93.5.

ALUMINIUM—Easier on balance. After moving ahead strongly to around £749 in the morning on buying prompted by unconfirmed rumours that a merchant has been left uncovered on a substantial tonnage, forward metal came under profit-taking prompted by the downturn in copper which left the price at £742 on the late kerb. Turnover 2,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	747-9	+1.5	745-4	—2
3 months	745-.5	+2.75	739-40	—2.25

Morning: three months £748, 47, 47.5, 48, 46, 45, 46, 48.5. Kerb: three months £744, 45. Afternoon: three months £739, 40, 41, 40. Kerb: three months £740, 41, 42, 41, 42.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 9.9p an ounce lower for spot delivery in the London bullion market yesterday at 354.0p. U.S. cent equivalents of the fixing levels were: spot 722.6c, down 15.1c; three-month 736.9c, down 16.2c; six-month 753.9c, down 16.0c; and 12-month 775.1c, down 18.3c. The metal opened at 353½-355½p (721-725c) and closed at 351½-353½p (719-723c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	354p	—9.9	352.15p	—7.95
3 months	362.3p	—18.8	360.65p	—6.45
6 months	371.3p	—10.9	—	.....
12 months	384.3p	—12.9	—	.....

LME—Turnover 197 (239) lots of 10,000 ozs. Morning: Three months 362.2, 62, 62.1, 62, 62.3, 62.1, 62, 61, 60, 59.5, 60, 60.5. Kerb: Three months 360, 60.7, 60.5. Afternoon: Three months 359, 59.5, 59.7, 61, 60.8, 60.5, 60.8. Kerb: Three months 360, 60.5, 61, 61.5, 62, 61.5, 61.8.

GRAINS

LONDON FUTURES (GAFTA)—Old crops opened 10p lower on wheat and 10p up on barley with new crops unchanged. Trade was very thin and old crops' values eased on wheat to trade 30p lower on May. The March option saw good buying support although little was traded to close 10p higher with May 25p down. March barley remained steady but did not trade and closed 10p higher. May values eased to trade 20p lower. The market did rally slightly but met resistance at 10p higher and closed 15p down on the day. New crops closed unchanged to 25p lower on wheat and unchanged to 15p lower on barley. Acli reported.

HGCA—Location ex-farm spot prices. Other milling wheat: N. Lincoln 96.80. Feed barley: N. Lincoln 92.00, Hants and W. Sussex 92.00.

The UK monetary coefficient for the week beginning Monday March 12 will decrease to 1.262.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent April-May 88.75, May 82.50, June 82.00 transhipment East Coast. U.S. Hard Winter 13½ per cent March 88.25 transhipment East Coast. EEC unquoted. Maize: U.S./French March 110, April 111 transhipment East Coast. South African White unquoted. South African Yellow April 71.50 UK. Barley: English feed fob March 97.50, April-June 99.50 East Coast.

WHEAT Mnth	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	96.90	+0.10	95.55	+0.10
May	99.35	—0.25	95.55	—0.15
Sept.	92.00	.....	85.25	.....
Nov.	95.00	—0.25	88.60	—0.05
Jan.	96.70	—0.25	92.25	—0.15

Business done—Wheat: March 96.80-96.50, May 99.40-99.30, Sept. 92.20-92.00, Nov. 95.40-95.00, Jan. 98.85-98.75. Sales: 147. Barley: March nil, May 95.80-95.50, Sept. 85.40-85.25, Nov. 88.75-88.65, Jan. 92.45-92.25. Sales: 84.

EEC IMPORT LEVIES—The following levies and premiums are effective for March 9 in order of current levy plus April, May and June premiums (with previous in brackets), all in units of account per tonne. Common wheat: 84.31, nil, nil, 6.54 (84.31, 0.18, 0.18, 6.54). Durum wheat: 131.52, 1.12, 1.12, 1.12 (132.43, 0.51, 0.51, 0.51). Rye: 86.81, 0.91, 0.91, 0.91 (86.61, 0.30, 0.30, 0.30). Barley: 91.22, rest nil (91.22, rest nil). Oats: 86.81, rest nil (86.91, rest nil). Maize (other than hybrid for seeding): 79.43, rest nil (79.43, 0.15, 0.15, 0.15). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 79.81, rest nil (79.20, rest nil). Grain sorghum: 82.85, 3.04, 3.04, 3.04 (82.85, 3.04, 3.04, 3.04). Flour levies—Wheat or mixed wheat and rye flour: 129.82 (129.82). Rye flour: 133.03 (133.03).

COCOA

After initial steadiness the market traded within a narrow range throughout the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1708.0-09.5	—26.75	1710.0-1685
May	1735.0-36.0	—31.25	1747.0-1720
July	1740.0-45.0	—16.0	1755.0-39.0
Sept	1757.0-60.0	—12.0	1765.0-55.0
Dec	1811.0-14.0	—7.0	1820.0-08.0
March	1830.5-44.0	+1.5	1845.0-30.0
May	1850.0-64.0	—9.25	1865.0-60.0

Sales: 4,117 (4,005) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound) Daily price March 7 155.43 (158.86). Indicator prices March 8: 15-day average 160.29 (160.42); 22-day average 159.51 (159.38).

COFFEE

ICO Indicator prices for March 8 (U.S. cents per pound): Colombian Mild Arabicas 133.00 (132.00); unwashed Arabicas 128.00 (same). Robustas ICA 1968 134.50 (133.50). Daily average 127.88 (127.77).

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1451-1453	+8.0	1457-1445
May	1456-1457	+16.0	1457-1435
July	1458-1460	+26.5	1460-1427
September	1467-1468	+39.0	1472-1425
November	1451-1453	+31.0	1458-1416
January	1450-1465	+53.5	1455-1366
March	1450-1460	+72.0	1460-1384

Sales: 6,844 (5,307) lots of 5 tonnes.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 406.0, 410.0, 408.0-380.0, 5; May 415.0, 418.5, 418.5-414.5, 107; July 417.5, 418.0, 418.5-418.0, 41; Oct. 409.0, 410.0, 418.0-408.5, 69; Dec. 408.0, 409.0, 411.0-408.5, 60; March 409.0, 410.0, 410.5-408.5, 67; May 410.0, 410.5, 412.5-410.0, 40; July 410.0, 412.0, 413.5-410.0, 22. Sales: 411.

LONDON GREASY—Close (in order buyer, seller). March 234.0, 241.0; May 240.0, 249.0; July 243.0, 252.0; Oct. 243.0, 257.0; Dec. 245.0, 257.0; March 243.0, 257.0; May 245.0, 257.0; July 245.0, 257.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 186.0, 195.0; May 192.0, 196.0; July 192.0, 200.0; Oct. 192.0, 203.0; Dec. 193.0, 205.0; March 193.0, 207.0; May 193.0, 207.0; July 193.0, 207.0. Sales: 3.

RUBBER

ABOUT UNCHANGED opening on the London physical market. Good demand throughout the day, closing on a firm note. Lewis and Peat reported the Malaysian godown price was 247 (same) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
April	58.50-58.75	57.70-57.75	58.95
May	58.50-58.85	58.55-58.60	58.80-58.55
Apr-Jne	58.80-58.90	58.65-58.70	58.55-58.60
Jy-Sept	62.70-62.75	61.45-61.50	62.75-61.90
Oct-Dec	64.75-64.80	63.55-63.70	64.60-63.75
Jan-Mar	66.30-66.55	65.65-65.70	66.80-65.80
Apr-Jne	68.35-68.90	67.65-67.70	68.85-68.40
Jy-Sept	71.00-71.10	69.70-69.75	71.50
Oct-Dec	73.10-73.15	71.75-71.80	73.10-72.25

Sales 474 (532) lots of 15 tonnes and 17 (10) at 5 tonnes.

Physical closing prices (buyers) were: Spot 58.25p (57.5); April 59.75p (59.0); May 60.5p (59.75).

SOYABEAN MEAL

The London market opened easier at around £1 lower, but drifted further due to stronger sterling, reported T. G. Roddick. The expected reduction of USDA carryover from 150m to 140m bushels had little effect on London prices and the market closed around £1.50 down.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
April	126.50-26.5	—1.35	126.10-125.60
June	127.10-27.5	—1.70	128.00-128.50
August	129.20-29.5	—1.45	130.50-129.40
October	128.60-29.5	—1.55	129.40-128.00
December	127.80-28.5	—1.0	—
February	128.00-28.0	—1.25	—
April	128.00-31.0	—1.25	—

Sales: 107 (62) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £104.00 (£104.50).

Trading was confined within a narrow range in featureless conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	107.80-07.90	108.40-08.45	08.50-07.50
Aug	111.90-11.95	112.55-12.45	12.60-11.40
Oct.	114.70-14.75	115.25-15.30	15.50-14.70
Dec.	117.60-17.15	118.30-18.00	18.60-17.50
March	122.20-22.40	123.00-23.25	23.20-22.25
May	124.75-26.40	125.50-26.25	25.25
Aug	127.50-28.60	128.25-29.25	—

Sales: 2,049 (1,317) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £171.00 (£172.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Price for March 7: Daily 8.44 (8.31); 15-day average 8.50 (8.46).

WHITE SUGAR—Close (in order buyer, seller, business, sales). April 103.00, 104.00, 103.75, 10; July 108.25, 109.00, 108.50-108.00, 72; Sept. 113.40, 114.00, 114.35-114.25, 10; Nov. 118.00, 118.00, nil, nil; Feb. 126.05, 128.50, nil, nil; April 130.55, 131.50, nil, nil; July 134.00, 136.50, nil, nil. Sales: 98.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 59.0, Eire hindquarters 65.0 to 68.0, forequarters 39.0 to 42.0.

Veal: Dutch Hinds and Ends 86.0 to 96.0.

Lamb: English small 60.0 to 64.0, medium 58.0 to 64.0, heavy 50.0 to 62.0. Scotch medium 50.0 to 64.0, heavy 52.0 to 62.0. Imported frozen—NZ PL now season 48.5 to 49.0, NZ PM 48.0.

Pork: English, under 100 lbs 36.5 to 45.0, 100-120 lbs 36.0 to 43.5, 120-160 lbs 34.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on March 8: GB—Cattle 72.27p per kg.l.w. (+0.64); UK—Sheep 148.5p per kg.est.d.c.w. (—5.8); GB—Pigs 61.6p per kg.l.w. (—0.7). England and Wales: Cattle numbers down 20.5 per cent, average price 73.18p (—0.49); Sheep down 29.7 per cent, average 148.3p (—5.4); Pig down 10.4 per cent, average 61.6p (—0.4). Scotland: Cattle down 8.0 per cent, average 70.20p.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Lemons—Italian: 120s 4.00-4.25; Cypriot: trays 3.00-3.60, cartons 126/180s 4.00-4.60; Spania: trays 30/40/45 1.70-1.80; Jaffa: 125 4.90. Oranges—Spania: Navels 3.60-4.30, Blonde 3.50-3.80; Israeli: Shamouti 4.80-5.40; Cypriot: 3.30-4.30; Moroccan: Hamlins 4.00. Ortaniques—Jamaican: 46/126 6.50-8.50. Wilkings—Spania: 4.00-4.50. Grapefruit—Cypriot: 2.50-3.80; Israeli: Jaffa 27/88 3.45-4.25. Apples — French: Golden Delicious (40 lb) 138/175s 3.30-4.50, (20 lb) 72s 2.10-2.30, 64s 1.80-1.90; Granny Smith (40 lb) 138/163 4.50-5.80, (20 lb) 72s 2.90-3.00, 84s 2.40-2.50, (jumble pack) per pound 0.08-0.10.

English Produce: Potatoes—per 25 kg 1.60-2.20. Lettuces—per 12 round 2.00-2.20. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley 0.06-0.1[illegible]. Cox's Orange Pippin 0.08-0.16; Spartan 0.06-0.10; Laxtons 0.05-0.07. Pears—per pound Conference 0.11-0.16, Comice 0.18-0.22. Cabbages—Per net 3.50-4.[illegible]. Beetroot—per 28 lb 0.80-0.90. Carrots—per 28 lb 0.80-1.20. Onions—per 26 lb 1.70-2.40. Rhubarb—per pound 0.21-0.22. Swedes—per 28 lb 0.80-1.[illegible]. Turnips—per 28 lb 0.60-0.80. Parsnips—per 28 lb 1.00-1.20. Sprouts—per pound 0.15-0.20. Cucumbers—tray 12/18s 3.20-3.60. Tomatoes—per pound 0.40-0.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 8 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (cs)	$1,475/85	....	$1,530.50
Copper			
Cash w'bar	£981	—12.5	£964
3 mth	£997.5	—15.75	£979.5
Cash Cathode	£975	—10.0	£952.25
3 mth	£998	—10.5	£967
Gold troy oz	$239.125	—2.0	$250.5
Lead cash	£589	+0.5	£524.5
3 mth	£555.5	—0.75	£495.5
Nickel	£2520.59	....	£2,320.59
Freemkt(cif)(lb)	$2.10 / 2.25	....	$1.78 / 1.90
Platin'm tr'y oz	£164.5	....	£164.5
Free mkt	£185	—5.15	£210.25
Quicksilver	$230/40	....	$205/215
Silver troy oz	354p	—9.9	373.2p
3 months	369.3p	—10.8	384.5p
Tin cash	£7,350	+12.5	£7,230
3 mths	£7,147	—40.0	£7,155
Tungsten	$154.1	....	$154.14
Wolfrm 22.04 cif	$141/48	—1.8	$118/25
Zinc cash	£380.75	—7.25	£400.5
3 months	£382.5	—6.25	£415.5
Producers	$800	....	$750
Oils			
Coconut (Phil)	$1,000x	....	$1,025
Groundnut	‡	....	‡
Linseed Crude	£388	+3.0	£385
Palm Malayan	$685r	+15.0	$680
Seeds			
Copra Philip	$580x	+5.0	$700
Soyabean (U.S.)	$315.5x	+2.2	$301.1
Grains			
Barley Futures	£95.55	—0.15	£90.5
Maize			
French No 5 Am	£110	....	£109.75
Wheat			
No. 1 Red Spg.	‡	....	‡
No2 Hard Wint.	£86.25	—1.0	£87.75
Eng. Milling t	£98	....	£96
Other commodities			
Cocoa ship't	£1,768.5	+25.5	£1,793
Future May	£1,737	+21.25	£1,803
Coffee F't'r May	£1,456	+19.0	£1,315.5
Cotton A'Index	75.15c	—0.65	74.8c
Rubber kilo	58.25p	+0.75	51p
Sugar (Raw)	£105	+1.0	£98
Wooltp's 64s kl	286p	..	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. q May-June. r May. s June-July. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, March 8.

Copper—March 87.10 (89.55), April 87.60 (90.00), May 88.40, July 89.00, Sept. 89.30, Dec. 89.90, Jan. 90.05, March 90.30, May 90.55, July 90.80, Sept. 91.05, Dec. 91.40, Jan. 91.50.

Potatoes (round whites)—April 70.0 (72.0), May 81.3-81.5 (79.7), Nov. 58.8-59.0, March 66.3-66.5, April nil, May 82.0-82.2. Sales: 3,532.

*Gold—March 238.80 (240.10), April 240.10 (242.50), May 242.20, June 244.30, Aug. 248.60, Oct. 252.90, Dec. 257.30, Feb. 261.70, April 266.10, June 270.60, Aug. 275.10, Oct. 279.60, Dec. 284.20.

Coffee—"C" Contract: March 134.25-134.75 (131.25), May 135.50-136.00 (132.50), July 137.25, Sept. 138.18, Dec. 138.19 bid, March 136.90-137.00, May 137.50, July nil. Sales: 1,285.

Cocoa—March 150.70 (142.00), May 152.75 (150.25), July 154.70, Sept. 156.55, Dec. 159.70, March 161.10, May 162.00. Sales: 989.

§Silver—March 721.20 (721.30), April 725.50 (725.50), May 730.50, July 739.10, Sept. 747.70, Dec. 760.50, Jan. 764.70, March 773.20, May 781.90, July 790.60, Sept. 799.30, Dec. 812.50, Jan. 816.80. Handy Harman spot bullion 725.00 (725.00).

CHICAGO, March 8.

Lard—Chicago loose not available (25.37). New York prime steam 27.00 traded (26.87 nom.).

Live Cattle—April 73.25-73.00 (72.55), June 72.25-72.10 (71.02), Aug. 70.30-70.60, Oct. 69.55-68.70, Dec. 68.75-68.62, Jan. 69.80 asked, Feb. 70.65, April 70.50, June 71.70 asked, Aug. 71.40 bid. Sales: 35,124.

Live Hogs—April 52.22-52.15 (52.65), June 53.70-53.50 (53.77), July 52.85-53.65, Aug. 50.90-51.00, Oct. 48.48-48.65, Dec. 49.40-49.37, Feb. 48.80 bid, April 46.05 asked. Sales: 9,405.

‡‡Maize—March 239-239¼ (239¾), May 246-246¼ (247½), July 250½-250¾, Sept. 253¾, Dec. 258-258¼, March 265¾.

Plywood—March 210.0 (211.0), May 213.6-213.5 (214.8), July 213.5, Sept. 210.5, Nov. 207.0, Jan. 208.0, March 208.5.

Pork Bellies — March 64.05-64.00 (64.87), May 63.25-63.05 (64.52), July 63.10-63.00, Aug. 61.00.

Silver—March 723.0 (723.9), April 727.0-727.5 (728.5), June 737.0-737.5, Aug. 746.0, Oct. 754.0, Dec. 762.5, Feb. 771.0, April 779.0, June 788.0, Aug. 797.0, Oct. 806.0, Dec. 815.0, Feb. 824.5, April 834.0, June 844.0, Aug. 854.0, Oct. 864.0.

Shell Eggs—March 64.50-64.30 asked (65.70), April 55.30 bid (56.90), May 53.00-52.90, June 52.40, Sept. 62.50, Nov. Nil, Dec. 64.60. Sales: 312.

‡Soyabeans—March 742-740 (756½), May 759-755 (772), July 766-765, Aug. 763-764, Sept. 725, Nov. 706-704½, Jan. 714½-714, March 725.

‖Soyabean Meal — March 194.80 (196.40), May 199.50-199.10 (201.90), July 202.80-203.00, Aug. 203.50, Sept. 200.50, Oct. 195.50, Dec. 195.50, Jan. 195.50-196.00, March 198.50-199.00.

Soyabean Oil — March 26.00-27.00 (27.28), May 27.15-27.10 (27.48), July 27.15-27.20, Aug. 27.05, Sept. 26.45-26.50, Oct. 25.55, Dec. 25.15, Jan. 25.00, March 25.00, May 24.90-25.95.

‡Wheat—March 383-383½ (385½), May 352¾-352 (353¼), July 328-326¾, Sept. 329-328¾, Dec. 339, March 348.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

WINNIPEG, March 8. §Rye—May 107.10 (109.50), July 105.60 (108.80-109.00 bid), Oct. 107.50 bid, Dec. 107.00 bid.

§Barley—March 81.00 bid (81.70), May 80.90 (81.00-81.20), July 80.80 asked, Oct. 81.90 bid, Dec. 81.60.

§Oats—March 80.60 (81.70 bid), May 79.70 asked (80.70 asked), July 78.00, Oct. 81.00 asked, Dec. 80.50 asked.

§Flaxseed—May 341.00 bid (342.80 bid), July 333.00 asked (335.50 bid), Oct. 328.00 asked, Nov. 322.50 asked, Dec. 322.00 asked.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 188.55 (189.15).

Wednesday's closing prices

NEW YORK, March 7.

Cotton—No. 2: March 59.55-59.90 (60.27), May 62.15-62.25 (63.22), July 64.25-64.30, Oct. 64.45-64.56, Dec. 64.05-64.15, March 65.33-65.90, May 66.50-67.00, July 67.60-68.00. Sales: 7,050.

Potatoes (round whites)—April 71.5-72.5 (71.0), May 79.6-79.9 (77.7), Nov. 59.0, March 66.5-66.7, April nil, May 81.9-82.3. Sales: 5,481.

Tin—Not available (696.00-715.00 nom.). Spot 683.00-730.00 asked (696.00-75.00).

CHICAGO, March 7.

Lard—Chicago loose 25.37 (same). New York prime steam 26.87 nom.

WINNIPEG, March 7. Rye—May 109.50 (109.70), July 108.80-109.00 bid (109.00 bid), Oct. 109.00, Dec. 102.70 nom.

§Barley—March 81.70 (82.60 bid), May 81.00-81.20 (81.80 bid), July 81.40 bid, Oct. 82.50, Dec. 82.00 bid.

§Oats—March 81.70 bid (82.60 bid), May 80.70 asked (81.80 bid), July 78.60 asked, Oct. 81.40 bid, Dec. 81.00 asked.

§Flaxseed—May 342.80 bid (342.60 bid), July 335.50 bid (334.30 asked), Oct. 328.00 bid, Nov. 322.90 bid, Dec. 321.00 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 189.15 (same).

EUROPEAN MARKETS

ROTTERDAM, March 8.

U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, mid-Feb./mid-March $164, March $164. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat June $147, July $144. U.S. No. 2 Northern Spring wheat, 14 per cent, March $183.50, April $180, May $151, June $149.50.

Maize—U.S. No. 3 Corn Yellow reported done Afl. $123.50, All. $123.50, March $123.50, April $123.50, May $123.50, June $123.50, April-June $123.50, July-Sept. $123.25, Oct.-Dec. $124.

Soyabeans ($s per tonne c.i.f. Rotterdam)—U.S. No. 2 Yellow Gulfports Afl. $301, March $303, April $308.75, May $309.50, June-July $310.75, Aug. $310.50, Sept. $305, Oct. $284.75, Nov. $283, Dec. $286.75, Jan. $290, Feb. $293.75, March $294.75. Brazil Yellow FAQ unquoted. Argentine May-June-July $301.50, sellers.

Soyameal—44 per cent protein, U.S. All. $237, traded All. $237, March $233, April-Sept. $241, Nov.-March $239. Brazil Pellets All. $244, March $244, April-May $247, April-Sept $249.50, Nov.-March $248.50.

PARIS, March 6.

Cocoa (FFr per 100 kilos)—March 1435-42, May 1455-60, July 1460 bid, Sept. 1510-20, March 1530-55. Sales at call 7. Accumulative total 100.

Sugar (FFr per 100 kilos)—May 900-901, July 914-922, Aug 940-943, Oct. 980-995, Nov. 975-985, Dec. 1012-1025, March 1052-1063, May 1072-1085. Sales at call 20.

INDICES

FINANCIAL TIMES

Mar. 7	Mar. 6	M'nth ago	Year ago
271.28	270.45	267.00	232.28

(Base: July 1, 1952=100)

MOODY'S

Mar. 7	Mar. 6	M'nth ago	Year ago
1071.5	1071.1	1030.0	804.a

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 7	Mar. 6	Month ago	Year ago
Spot	378.24	376.48	376.39	354.20
F'tur's	383.98	382.25	374.80	334.98

(Average 1924-25-26=100)

REUTERS

Mar. 8	Mar. 7	M'nth ago	Year ago
1547.4	1555.0	1531.5	1385.1

(Base: September 18, 1931=100)

Continued euphoria in markets leads to further sharp gains in Gilts and record high in All-share index

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 26	Mar. 8	Mar. 9	Mar. 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3
Mar. 26	Apr. 5	Apr. 6	Apr. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

Monitoring the current euphoria in stock markets, the F.T.-Actuaries All-share index yesterday broke fresh high ground since compilation, the 30-share index strode through the 500-mark while Government stocks continued their heady rise to close a further £3 up in places. Almost every sector experienced renewed sizeable investment demand from institutional and public sources which placed a heavy strain on markets considerably short of stock in many areas.

High returns relative to the yields available in other industrialised countries induced further overseas support of Gilt-edged securities and the continuing strength of sterling added to the basic attraction. The supply situation in gilts was particularly acute and tended to exaggerate the price movements; the longer of the new two partly-paid Government scrips, Treasury 13¾ per cent 2000-03, in which dealings started on February 23, settled at £29⅞ for a premium of over 92 per cent on the issue price of £15.

Although the equity sections took a breather around midday, the undertone remained extremely firm and selected heavy-priced leaders such as Beecham settled with gains to 15. End-Account influences also made their mark in the afternoon trade and after bounding through the 500-level to 502.7 at 11 am, the F.T. 30-share index closed 3.4 higher on the day at 500.3.

Investment in secondary stocks was also impressive, a factor which was recognised in official markings of 7,300 and by another good advance in the FT-Actuaries All-share index, up 1.8 per cent at a record high of 249.11.

The force of the upsurge in British Funds was reflected in the FT Government Securities index which leapt 1.50 more to 73.10 for a gain of over 13 per cent from last month's 1978/79 low of 64.64. Short-dated issues with gains to 1⅜ but ended ⅜ or so below the best after encountering a burst of profit-taking just before the official close, while medium and longer stocks also ended marginally below the day's highest.

Trade became more evenly balanced in the investment currency market with institutional sources operating as both buyers and sellers. The premium initially fell to 78¼ per cent but rallied and closed a shade below the best at 80½ per cent for a net recovery of 1½ points. Yesterday's SE conversion factor was 0.7114 (0.7126).

The volume of business in Traded Options reached record levels again yesterday when the number of contracts breached the 2,000 mark for the first time at 2,021. Cons. Goldfields, 292, Grand Metropolitan, 243, ICI, 218, and Shell, 211, attracted most trade.

Keyser Ullmann good

Keyser Ullmann stood out in merchant banks with a rise of 4 to 54p, after 55p, on the disclosure that the group is selling its Cannon Assurance subsidiary to a Canadian concern for £8.6m cash. Hambros added 9 to 202p and Schroders 15 to 430p. Quietly firm home banks closed below the best in places but Midland finished 7 higher at the day's highest of 402p, in front of today's preliminary results. Buyers' came for Standard Chartered which jumped 20 to 490p.

A good demand developed for Brewery shares. Among the leaders, Bass and Whitbread A, overshadowed recently by the Price Commission's refusal to grant a price increase, were well supported and gained 9 to 185p and 4½ to 112p respectively. Secondary issues to move ahead included Burtonwood, up 7 at 195p, and Morland, 5 higher at 97p. Distillers were good and closed 8 higher at 241p, while A. Bell improved a similar amount to 198p.

Building issues attracted a good two-way business. Blue Circle firmed 5 to 287p, while Cement Roadstone rose 4 to 116p, the latter in response to the annual results and proposed one-for-four rights issue. Redland hardened 2 to 186p and the Warrants gained 7 points to £47, but news of a Monopolies Commission investigation left RMC 4 down at 144p. Derek Crouch lost 7 to 129p on disappointing annual results and Galliford Brindley shed 3½ to 78p, after 75p, following the lower interim profits. Leyland Paint put on 8 to 114p. SGB improved 5 afresh to 225p, after 230p, and Travis and Arnold gained 10 to 191p.

Subdued by the chairman's review of current prospects, ICI ended just a penny harder at 397p. Fisons added another 5 in 328p and late interest lifted Plysu 8 to 162p.

Still reflecting the encouraging NIESR review on the outlook for consumer spending and general pre-Budget optimism, Stores once again attracted a heavy demand and closed firmer throughout. Buyers became particularly interested in D-I-Y issues and, with stock in short supply, price improvements ranged to double-figures. Home Charm jumped 29 to 340p and A. G. Stanley 21 to 218p, while Status Discount, ahead of going ex the 400 per cent scrip-issue on Monday, rose 20 further to 340p, after 345p. Still looking forward to the forthcoming reorganisation, MFI Furniture added 10 to 235 for a rise on the week so far of 65. Elsewhere, John Menzies put on 12 to 185p and rises of 8 and 9 respectively were seen in Formminster, 130p, and Bambers, 180p. Gussies A firmed 4 more to 358p among the leaders, as did House of Fraser, to 150p, and W. H. Smith A, to 174p. Marks and Spencer touched 100p but finished only a penny dearer at 98p. Among Shoes, Strong and Fisher gained 8 to 81p, after 84p, following the doubled interim earnings.

Electrical issues were well to the fore in the general improvement and double figure gains were fairly commonplace. Kode responded afresh to the good preliminary results with a rise of 15 to 209p, after 218p. Gains of around 20 were recorded in Farnell, 480p, and Wholesale Fittings, 295p, while Racal, 420p, and Electrocomponents, 393p, rose 11 and 10 respectively. In contrast, leading issues presented a mixed appearance with Plessey reacting 7 to 110p on disappointment with the third-quarter figures. EMI improved a few pence initially before sellers prompted a reaction to 119p for a net fall of 3. On the other hand, GEC were briskly traded and closed 3 to the good at 366p, after 370p.

Gains were fairly numerous throughout the Engineering sector. GKN encountered fresh support and put on 7 further to 258p along with John Brown, 8 to the good at 464p. Outside the leaders, demand in a market none too well supplied with stock lifted Martonair 13 to 217p. Simon Engineering, 7 up at 292p, continued to make headway following recent acquisition news. British Aluminium gained 15 to 965p and Metalrax 4 to 63p, but Hunt and Moscrop contrasted with a fall of a penny to 25p on lower interim profits.

The bulk of Food issues recorded useful gains following considerable interest. British Sugar advanced 10 for a two-day gain of 21 to 160p and Unigate added 4 to 82p while, in Supermarkets, Associated Dairies firmed 9 to 254p and J. Sainsbury 4 to 280p. Elsewhere, Needlers jumped 10 to 56p in response to the excellent annual profits and the property revaluation, but disappointing results left Tavener Rutledge down 4 at 64p, after 60p.

Trust Houses Forte claimed considerable attention in Hotels and Caterers rising 8 for a two-day gain of 18 to 300p. Persistent demand prompted a gain of 2½ to 35½p in Comfort.

Harris and Sheldon up

Firm and extremely active conditions prevailed in the miscellaneous industrial leaders and incessant demand combined with stock shortage produced further substantial improvements. Beecham rose 15 to 683p, after 688p, while Pilkington were a similar amount better at 327p. Still drawing strength from favourable comment on the group's substantial dividend cover, Unilever put on 8 more to 618p, after 622p. Elsewhere, Harris and Sheldon advanced 7 to 61p in response to the better-than-expected annual results and proposed 50 per cent scrip-issue. De La Rue rose 17 to 410p and rises of around 10 were seen in A. Arenson, 114p, Esperanza, 152p; Huntleigh, 65p, and I. C. Gas, 434p. Transport Development edged downward 2 to 72p on the results, while Christies International, 2 dearer at 143p, and Sotheby's, 5 better at 331p, after 338p, rallied from the recent depressed levels which followed news of the Office of Fair Trading's investigation into their 10 per cent commission charges. Against the trend, Dunbee-Combex ran into nervous selling ahead of the forthcoming results and closed 8 down at a 1978-79 low of 80p.

Motors and Distributors encountered a lively trade. Rolls-Royce awaiting next Monday's annual results, hardened 2 to 97p. In Garages, annual profits in line with market estimates prompted a gain of a penny to 92p in Lex Service, while revived speculative demand in a thin market lifted Harold Perry 10 to 140p.

Paper/Printings displayed two notable firm features in Collett Dickenson which firmed 8 to 95p and McCorquodale which gained 10 to 135p. W. N. Sharpe put on 12 to 170p in response to the satisfactory annual results, while in generally firm Newspapers, International Thomson rose 31 to 409p.

Persistent demand prompted useful gains in certain Properties. Stock Conversion put on 10 to 332p, and Great Portland 6 to 276p, while Peachey revived with a rise of 4 in 120p. Daejan improved 4 to 154p and Property Holding and Investment 12 to 380p while, on the bid front, English Property touched 63½p before shading to 63p, up ½ on balance, awaiting developments.

Stimulated mainly by the proposed one-for-one scrip issue which accompanied the preliminary results, Shell pushed ahead to a 1978/79 peak of 688p before settling at 680p, up 20 on balance. Royal Dutch rose ¾ to £46⅛. Elsewhere in the Oil leaders, British Petroleum continued to forge ahead and closed 12 to the good at 1076p. Among secondary issues, renewed speculative demand left Attock up 16 more at 104p for a two-day rise of 24p.

Against the firm trend in Overseas Traders, United City Merchants relinquished 2 to 60p on the disappointing interim results.

Among Shippings, Furness Withy advanced 9 more to 214p and P. and O. Deferred hardened a penny more to 73½p.

Compared with the majority of sectors, Textiles appeared to be overlooked. Among the handful of changes, buyers showed interest in A. Martin, 5 up at 92p, and F. Miller, 4 dearer at 50p, but disappointment with the results left Corah a penny cheaper at 39p.

Tobaccos made further headway, Bats improving 7 further to 333p and Imps 1½ more to 97p.

Among Plantations, London Sumatra rose 15 to 275p on bid hopes.

Golds quietly firm

South African Gold shares continued to edge higher with prices reflecting the marginal improvement in the investment currency premium and tending to shrug off the lower bullion price, which closed $2 down at $239.125 per ounce following the outcome to Wednesday's International Monetary Fund gold auction.

Trading in Golds, however, along with trading in all sections of mining markets, tended to be overshadowed by the considerable activity in gilts and equities.

South African Financials were quietly firm. De Beers recouped 8 of the recent losses to finish at 482p while Anglo American Corporation put on 6 to 338p. General Mining, which has delayed publication of the 1978 results, advanced 15 to 480p following a good Johannesburg demand.

The strength of UK equities induced minor support for London-registered Financials, with rises of 4 common to Charter, 155p, Rio Tinto-Zinc, 298p.

The Rundle oil shale partners again featured in a fairly active Australian section. Renewed American buying, reportedly on favourable U.S. Press mention, lifted Central Pacific Minerals 55 more to 525p—a two-day gain of 125p—while Southern Pacific Petroleum climbed a further 10 to 210p for a rise of 40 over the past two days.

Pancontinental continued to attract support following the Federal Government's go-ahead for the Nabarlek uranium project of Queensland Mines; the former's shares put on 25 more to 975p.

Base-metal mines did well with BH South and North Broken Hill 4 firmer at 129p and 131p respectively and Hampton Areas 6 better at 160p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	16	1076	+12	1076	720
Boots	25p	14	213	+5	237	154
GEC	25p	13	366	+3	387	233
Kode Intl.	25p	13	209	+15	215	77
Marks & Spencer	25p	12	98	+1	100	67½
Plessey	50p	12	110	−7	125	87
Shell Transport	25p	12	680	+20	688	484
ICI	£1	11	397	+1	421	328
GUS "A"	25p	10	358	+4	360	256
Lex Service	25p	10	92	+1	92	66½
P & O Defd.	£1	10	73½	+1	118	70
Rank Org. "New"	Nil/pd.	10	44pm	+6	44pm	7pm
Status Discount	10p	10	340	+20	345	121
UDS	25p	10	103	−2	111	82
Unilever	25p	10	618	+8	622	476

FOOD PRICE MOVEMENTS

	March 8 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,065	1,065	1,110
Irish Special per ton	1,065	1,065	1,110
Ulster A.1 per ton¶	1,065	1,065	1,110
BUTTER			
NZ per 20 kg	14.11/14.24	14.11/14.24	13.40/13.56
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	83.10/85.85	83.10/86.35	80.98/83.50
CHEESE§			
NZ per tonne	1,255	1,255/1,275	1,250
English cheddar trade per tonne	1,455	—	—
EGGS*			
Home produced:			
Size 4	3.40/3.60	3.10/3.30	4.50/4.75
Size 2	3.60/3.80	3.20/3.40	5.00/5.20
	March 8 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	54.0/59.0	54.0/59.0	55.0/60.0
Eire forequarters	39.0/42.0	40.0/44.0	44.0/46.0
LAMB			
English	58.0/64.0	58.0/66.0	56.0/62.0
NZ PLs/PMs	48.0/49.0	47.5/49.0	50.0/53.0
PORK (all weights)	34.0/45.0	35.0/45.0	34.0/45.0
POULTRY			
Broiler chickens	37.0/38.5	37.0/38.0	37.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery March 10-17.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	188	7	206	—	232	—	1077p
BP	950	138	35	158	—	176	—	"
BP	1000	88	28	118	—	140	—	"
BP	1050	46	33	82	—	107	1	"
Com. Union	140	25	11	27	—	30	—	164p
Com. Union	160	8	18	11	56	17	3	"
Cons Gold	160	51	10	53	—	—	—	206p
Cons Gold	180	31	1	35	76	43	—	"
Cons Gold	200	13	69	20	15	30	—	"
Cons Gold	220	4	76	11	5	16½	—	"
Courtaulds	120	1¾	62	4	—	7½	4	111p
Courtaulds	130	¾	—	2½	10	—	—	"
GEC	260	112	1	—	—	—	—	366p
GEC	300	72	—	83	2	22	—	"
GEC	330	42	6	57	—	60	—	"
GEC	360	12	97	33	15	49	2	"
Grand Met.	110	29	10	32	5	35½	—	132p
Grand Met.	120	18	31	24	—	27½	12	"
Grand Met.	130	10½	42	17	85	19½	—	"
Grand Met.	140	5	36	11½	6	13	—	"
ICI	330	74	—	84	2	93	—	396p
ICI	360	45	10	66	6	64	—	"
ICI	390	16½	106	34	37	43	20	"
ICI	420	4½	27	16	10	—	—	"
Land Secs	280	14	60	24	—	32	—	284p
Land Secs	300	5	1	13½	—	28	—	"
Marks & Sp	70	30	—	31	7	—	—	98p
Marks & Sp	20	20	—	22	21	24	—	"
Marks & Sp	90	10½	32	13	33	16	3	"
Marks & Sp	100	4½	40	7½	68	10	—	"
Shell	350	140	8	155	—	165	—	683p
Shell	600	80	13	110	—	118	—	"
Shell	650	43	68	63	—	82	8	"
Shell	700	12	103	34	13	48	—	"
Totals			1,044		484		58	
		May		**August**		**November**		
BOC Intl.	80	3	3	3	—	2¼	—	75p
Boots	160	38	1	43	—	48	—	212p
Boots	200	20	24	27	—	34	—	"
Boots	220	0	53	16	3	23	—	"
Boots	240	3	3	—	—	—	—	"
EMI	120	15	36	20	—	24	—	124p
EMI	130	9	54	14	3	18	—	"
EMI	140	6	0	8½	10	13	13	"
EMI	160	2	10	4½	—	—	—	"
Imperial Gp	90	10	17	12	11	13	—	96p
Imperial Gp	100	3½	45	3½	103	7	—	"
RTZ	260	44	—	30	4	—	—	286p
RTZ	280	29	18	39	3	31	—	"
RTZ	300	18	—	30	7	39	—	"
Totals			273		146		15	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/2	158	68	Caledonian Hldgs.	156	+1	b7.3	1.2	7.0	13.3
**	F.P.	16/2	138	112	Hunting Assoc. Defd.	152	......	—	—	—	—
**	F.P.	8/2	41	31	M. Y. Dart Defd.	39	......	—	—	—	—
95§¶	F.P.	—	108	97	Sedgwick F.New 10p	108	+2	‡5.0	2.1	6.9	10.1

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
¶	F.P.	23/2	85p	53p	Chepstow Race's 5% Cnv. Uns. Ln. 1988	85p	......
**	£10	—	12¾	12	Lee Valley Water 8% Red. Prf. 1986	12¾	......
82	£10	—	11	10¼	Mid-Southern Water 8% Red. Pref 1884	11	+¼
**		9/3	101p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	101p	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	■	1978/9 High	1978/9 Low	Stock	Closing price p:	+ or −
1280	Nil	—	—	£3pm	£2pm	Algemene Bank Nederland	£3pm	+1
165	F.P.	9/2	23/3	171	154	Baker Perkins	159	......
C$21	Nil	—	—	84pm	15½pm	Bank of Nova Scotia	15½pm	−1½
20	F.P.	6/3	27/4	82	66	Burco Dean	82	+5
220	F.P.	14/8	6/4	290	232	Haslemere Estates	288	−2
60	F.P.	—	—	67	58	Hawkins & Tipson	66	......
33	Nil	22/3	4/5	2pm	5pm	Hirst & Mallinson	7pm	......
165	Nil	—	—	40pm	25pm	Johnson Matthey	30pm	+2
67	F.P.	7/3	20/4	93	74½	Macpherson (D)	93	+9
58	F.P.	26/2	26/3	66	60	Montfort	60	......
226	Nil	12/3	20/4	44pm	7pm	Rank Org.	44pm	+2
59	Nil	—	—	20pm	14pm	Redman Heenan	20pm	+2
27	Nil	14/3	26/4	10pm	8pm	Sekers Intl.	9pm	......
18	F.P.	14/9	14/3	25¼	23	Swan Ryan Intl.	25¼	......
315	Nil	19/3	2/4	45pm	38pm	Taylor Woodrow	41pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. ‡ Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FINANCIAL TIMES STOCK INDICES

	March 8	March 7	March 6	March 5	March 2	March 1
Government Secs.	73.10	71.60	71.15	71.57	71.40	70.16
Fixed Interest	73.09	72.01	71.67	78.86	71.18	70.41
Industrial	500.3	496.9	486.8	484.5	476.1	[illegible]
Gold Mines	161.7	160.0	159.0	161.2	159.2	171.7
Gold Mines(Ex-$ pm)	115.0	114.0	113.4	113.0	117.4	118.0
Ord. Div. Yield	5.61	5.65	5.73	5.78	5.81	5.88
Earnings Y'ld % (full)	14.54	14.62	15.12	15.15	15.19	15.47
P/E Ratio (net) (*)	8.95	8.86	8.57	8.57	8.55	8.38
Dealings marked	7,300	6,729	6,465	5,784	5,959	6,498
Equity turnover £m.	—	186.22	97.83	133.58	110.65	125.82
Equity bargains total	—	27,872	21,548	20,787	19,159	18,930

10 am 502.5. 11 am 502.7. Noon 502.3. 1 pm 500.8. 2 pm 500.2. 3 pm 500.2.

Latest Index 01-246 8026.

*Nil=8.00.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	64.64 (2/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (3/1/78)	66.77 (12/2/79)	150.4 (28.11.47)	50.53 (3/1/75)
Ind. Ord.	536.3 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	124.1 (25/11/78)	442.3 (22/5/73)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (20/6/78)

S.E. ACTIVITY

	March 8	[illegible]
Daily Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Av'rge Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (300)

BRITISH FUNDS (12)
CORPORATION LOANS (1)
FOREIGN BONDS (1)
BANKS (7)
BEERS (16)
BUILDINGS (17)
CHEMICALS (3)
DRAPERY & STORES (27)
ELECTRICALS (17)
ENGINEERING (19)
FOODS (7)
HOTELS (5)
INDUSTRIALS (57)
INSURANCE (2)
LEISURE (8)
MOTORS (6)
NEWSPAPERS (11)
PAPER & PRINTING (5)
PROPERTY (35)
SHIPPING (7)
SHOES (3)
TEXTILES (5)
TOBACCOS (2)
TRUSTS (13)
OILS (8)
OVERSEAS TRADERS (1)
RUBBERS (1)
TEAS (2)

NEW LOWS (3)

ENGINEERING (1)
Prestwich Parker
INDUSTRIALS (2)
Dunbee-Combex Norvic Sec.

RISES AND FALLS YESTERDAY

	Up	[illegible]	[illegible]
British Funds	[illegible]	[illegible]	[illegible]
Corps. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	1,217	[illegible]	[illegible]

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jun. 12
Mar. 20	Apr. 2	Jun. 14	Jun. 26

For rate indications see end of Share Information Service

Stocks to attract money for the call included MFI Furniture, House of Fraser, Hawtin, Reo Stakis, United Dominions Trust, Tricentrol, Lonrho, P. and O. Deferred, M. and G. Capital, Magnet and Southerns, Burmah Oil, Bejam, Siebens (UK), Coral Leisure, Ward White, Premier Consolidated, EMI, Reed International, Stanley, Ward and Goldstone, British Land, Ultramar, Barker and Dobson. ... puts were recorded but double options were arranged in ... Furniture, United Dominions Trust, P. and O. Deferred and Magnet and Southerns.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., March 8, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Mar. 7, Index No.	Tues., Mar. 6, Index No.	Mon., Mar. 5, Index No.	Fri., Mar. 2, Index No.
1	CAPITAL GOODS (172)	249.40	+1.2	16.21	5.36	8.38	246.38	242.87	243.15	242.81
2	Building Materials (28)	224.80	+2.3	17.05	5.84	8.07	219.78	216.03	217.03	216.00
3	Contracting, Construction (28)	373.36	+1.5	20.60	5.46	6.83	367.98	359.52	361.51	357.93
4	Electricals (15)	596.05	+0.1	12.93	3.19	10.59	595.39	587.42	584.42	588.78
5	Engineering Contractors (12)	383.28	+1.5	17.57	5.91	7.69	377.79	371.87	374.50	368.59
6	Mechanical Engineering (73)	190.82	+1.4	17.38	5.85	7.66	188.25	186.15	186.49	184.51
8	Metals and Metal Forming (16)	169.92	+1.8	16.35	8.62	8.21	166.93	164.92	165.53	163.28
11	CONSUMER GOODS (DURABLE) (53)	227.65	+1.7	15.78	4.74	8.45	223.84	220.94	221.19	219.10
12	Lt. Electronics, Radio, TV (16)	303.10	+2.1	12.82	3.45	10.94	296.75	292.81	292.65	288.37
13	Household Goods (12)	161.81	+1.1	18.34	6.76	7.54	160.06	159.21	159.47	159.35
14	Motors and Distributors (25)	122.17	+0.9	21.28	6.93	5.88	121.03	119.35	119.86	119.77
21	CONSUMER GOODS (NON-DURABLE) (170)	235.18	+1.8	14.87	5.53	8.85	231.14	225.49	225.02	223.34
22	Breweries (14)	254.43	+3.5	15.01	5.91	8.45	245.78	238.84	238.75	234.17
23	Wines and Spirits (6)	337.71	+3.4	13.76	4.41	10.68	326.72	319.41	318.07	317.54
24	Entertainment, Catering (17)	309.86	+0.7	14.21	6.11	9.30	307.78	301.18	299.04	298.88
25	Food Manufacturing (19)	219.40	+1.4	17.13	5.06	7.78	216.45	211.27	212.80	212.09
26	Food Retailing (15)	270.76	+1.9	11.92	4.35	11.41	265.65	258.01	257.41	253.69
32	Newspapers, Publishing (12)	414.57	+1.9	19.78	5.90	7.17	406.88	401.43	403.15	401.23
33	Packaging and Paper (15)	146.68	+0.6	17.26	7.18	7.56	145.76	143.91	143.99	143.65
34	Stores (40)	222.43	+1.6	11.01	4.28	13.01	218.94	211.31	209.64	208.80
35	Textiles (23)	180.09	+1.1	17.97	8.45	7.20	178.11	178.11	178.57	178.81
36	Tobaccos (3)	272.44	+1.9	20.91	7.56	5.49	267.30	263.18	262.78	260.12
37	Toys and Games (6)	91.61	−2.1	24.22	7.09	4.87	93.58	93.23	93.58	93.75
41	OTHER GROUPS (99)	214.11	+1.6	14.30	5.90	9.03	210.79	207.10	207.65	206.64
42	Chemicals (18)	305.32	+2.7	14.51	6.42	8.93	303.09	297.78	298.18	297.05
43	Pharmaceutical Products (7)	266.47	+1.6	10.43	4.36	11.62	262.17	256.27	255.64	253.93
44	Office Equipment (6)	143.19	+3.1	14.11	5.68	8.93	138.90	135.59	136.79	134.81
45	Shipping (10)	425.94	+1.4	14.20	7.14	8.95	419.99	413.57	414.65	423.71
46	Miscellaneous (58)	232.19	+2.1	16.56	6.17	8.03	227.46	224.44	225.71	226.05
49	INDUSTRIAL GROUP (494)	240.52	+1.6	15.13	5.52	8.74	236.79	232.21	232.23	230.79
51	Oils (6)	605.12	+2.0	11.54	3.33	9.42	593.12	585.88	589.82	583.39
59	500 SHARE INDEX	270.39	+1.6	14.54	5.16	8.84	266.01	261.12	261.48	259.70
61	FINANCIAL GROUP (115)	192.11	+1.4	—	5.23	—	189.51	187.21	187.84	187.78
62	Banks (6)	230.15	+1.0	27.01	5.19	4.92	227.78	226.20	227.66	231.22
63	Discount Houses (10)	243.70	+1.5	—	7.58	—	240.12	234.93	236.74	233.68
64	Hire Purchase (5)	181.21	+1.5	17.79	4.86	7.22	178.54	173.59	174.24	171.40
65	Insurance (Life) (10)	144.21	+2.2	—	6.52	—	141.14	138.56	138.39	135.73
66	Insurance (Composite) (7)	135.96	+1.6	—	6.82	—	133.83	131.08	130.88	130.80
67	Insurance Brokers (10)	324.77	+1.4	15.32	5.92	9.35	320.41	316.72	317.95	318.46
68	Merchant Banks (14)	85.77	+1.5	—	5.84	—	84.54	84.20	83.90	83.18
69	Property (43)	328.95	+0.9	3.25	2.47	49.24	326.08	323.21	325.58	322.19
70	Miscellaneous (10)	122.55	+2.9	18.44	6.46	6.75	119.89	118.39	118.55	117.83
71	Investment Trusts (111)	224.81	+2.1	—	4.89	—	219.38	217.36	216.44	213.96
81	Mining Finance (4)	124.78	+1.2	15.06	5.71	8.17	123.24	122.32	123.93	125.86
91	Overseas Traders (20)	352.34	+9.2	13.84	6.96	9.19	351.56	344.72	346.53	345.57
99	ALL-SHARE INDEX (750)	249.11	+1.6	—	5.20	—	245.21	242.15	241.57	240.21

FIXED INTEREST PRICE INDICES

	British Government	Thur., Mar. 8	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.34	+1.16	—	1.87
2	5-15 years	119.17	+2.64	—	1.23
3	Over 15 years	123.90	+2.74	—	2.24
4	Irredeemables	135.75	+2.27	—	1.78
5	All stocks	115.88	+2.09	—	1.88

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thur., Mar. 8	Wed., Mar. 7
1	Low Coupons	5 years	8.80	9.13
2		15 years	10.46	10.84
3		25 years	11.38	11.65
4	Medium Coupons	5 years	10.99	11.51
5		15 years	11.84	12.22
6		25 years	12.02	12.37
7	High Coupons	5 years	11.39	11.92
8		15 years	12.38	12.71
9		25 years	12.45	12.88
10	Irredeemables		10.85	11.09

		Thur., March 8 Index No.	Yield %	Wed. Mar. 7	Tues. Mar. 6	Mon. Mar. 5	Fri. Mar. 2	Thur. Mar. 1	Wed. Feb. 28	Tues. Feb. 27
13	20-yr. Red. Deb & Loans (15)	54.67	‡13.57	54.21	53.86	53.84	63.51	53.46	52.57	53.07
12	Investment Trust Prefs. (15)	50.16	14.02	49.89	49.89	49.89	49.80	49.80	49.80	49.85
17	Coml. and Indl. Prefs. (20)	70.69	13.25	60.93	69.80	69.78	68.69	68.69	69.63	69.25

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Friends' Provdt. Unit Tr. Mgrs.
Funds in Court
G.T. Unit Managers Ltd.
G. & A. Trust (a)(g)
Gartmore Fund Managers (a)(g)
Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
Govett (John)
Grieveson Management Co. Ltd.
Guardian Royal Ex. Unit Mgrs. Ltd.
Henderson Administration (a)(c)(g)
Hill Samuel Unit Tst. Mgrs.
Investment Intelligence Ltd.
Key Fund Managers Ltd. (a)(g)
Kleinwort Benson Unit Managers
L. & C. Unit Trust Management Ltd.
Lawson Secs. Ltd. (a)(c)
Legal & General Tyndall Fund
Leonine Administration Ltd.
Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Lloyd's Life Unit Tst. Mngrs. Ltd.
M & G Group (y)(c)(z)
Manulife Management Ltd.
Mayflower Management Co. Ltd.
Mercury Fund Managers Ltd.
Midland Bank Group Unit Trust Managers Ltd.
Minster Fund Managers Ltd.
MLA Unit Trust Mngmt. Ltd.
Murray Johnstone U.T. Mgmt. (a)
Mutual Unit Trust Managers (a)(g)
National and Commercial
National Provident Inv. Mngrs. Ltd.
National Westminster (a)
NEL Trust Managers Ltd. (a)(g)
Norwich Union Insurance Group (b)
Pearl Trust Managers Ltd. (a)(g)(z)
Pelican Units Admin. Ltd. (g)(x)
Perpetual Unit Trust Mngmt. (a)
Practical Invest Co. Ltd. (y)(c)
Provincial Life Inv. Co. Ltd.
Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)
Quilter Management Co. Ltd.
Reliance Unit Mgrs. Ltd.
Ridgefield Management Ltd.
Rothschild Asset Management (g)
Rowan Unit Trust Mngt. Ltd. (a)
Royal Tst. Can. Fd. Mgrs. Ltd.
Save & Prosper Group
Schlesinger Trust Mngrs. Ltd. (a)(z)
J. Henry Schroder Wagg & Co. Ltd.
Scottish Equitable Fnd. Mgrs. Ltd.
Sebag Unit Tst. Managers Ltd. (a)
Security Selection Ltd.
Stewart Unit Tst. Managers Ltd. (a)
Sun Alliance Fund Mngt. Ltd.
Target Tst. Mngrs. Ltd. (a)(g)
Target Tst. Mgrs. (Scotland) (a)(b)
Trades Union Unit Tst. Managers
Transatlantic and Gen. Secs. Co.
Tyndall Managers Ltd.
TSB Unit Trusts (y)
Ulster Bank (a)
Unit Trust Account & Mgmt. Ltd.
Wieler Growth Fund

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
Albany Life Assurance Co. Ltd.
AMEV Life Assurance Ltd.
Barclays Life Assur. Co. Ltd.
Beehive Life Assur. Co. Ltd.
Canada Life Assurance Co.
Cannon Assurance Ltd.
Capital Life Assurance
Charterhouse Magna Gp.
Chieftain Assurance Funds
City of Westminster Assur. Co. Ltd.
City of Westminster Assur. Soc. Ltd.
Commercial Union Group
Confederation Life Insurance Co.
Cornhill Insurance Co. Ltd.
Credit & Commerce Insurance
Crown Life Assurance Co. Ltd.
Crusader Insurance Co. Ltd.
Eagle Star Insur/Midland Assur.
Equity & Law Life Ass. Soc. Ltd.
General Portfolio Life Ins. C. Ltd.
Gresham Life Ass. Soc. Ltd.
Growth & Sec. Life Ass. Soc. Ltd.
Guardian Royal Exchange
Hambro Life Assurance Limited
Hearts of Oak Benefit Society
Hill Samuel Life Assur. Ltd.
Imperial Life Ass. Co. of Canada
Irish Life Assurance Co. Ltd.
King & Shaxson Ltd.
Langham Life Assurance Co. Ltd.
Legal & General (Unit Assur.) Ltd.
Legal & General Prop. Fd. Mgrs. Ltd.
Life Assur. Co. of Pennsylvania
Lloyds Bk. Unit Tst. Mngrs. Ltd.
Lloyds Life Assurance
London Indemnity & Gnl. Ins. Co. Ltd.
The London & Manchester Ass. Gp.
M & G Group
Merchant Investors Assurance
NEL Pensions Ltd.
NPI Pensions Management Ltd.
New Zealand Ins. Co. (UK) Ltd.
Norwich Union Insurance Group
Pearl Assurance (Unit Funds) Ltd.
Phoenix Assurance Co. Ltd.
Prop. Equity & Life Ass. Co.
Property Growth Assur. Co. Ltd.
Providence Capitol Life Ass. Co. Ltd.
Provincial Life Assurance Co. Ltd.
Prudential Pensions Limited
Reliance Mutual
Rothschild Asset Management
Royal Insurance Group
Save & Prosper Group
Schroder Life Group
Scottish Widows' Group
Solar Life Assurance Limited
Sun Alliance Fund Mangmt. Ltd.
Sun Alliance Linked Life Ins. Ltd.
Sun Life of Canada (UK) Ltd.
Target Life Assurance Co. Ltd.
Transinternational Life Ins. Co. Ltd.
Trident Life Assurance Co. Ltd.
Tyndall Assurance/Pensions
Vanbrugh Life Assurance
Vanbrugh Pensions Limited
Welfare Insurance Co. Ltd.
Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
Allen Harvey & Ross Inv. Mgt. (C.I.)
Arbuthnot Securities (C.I.) Limited
Australian Selection Fund NV
Bank of America International S.A.
Banque Bruxelles Lambert
Barbican Managers (Jersey) Ltd.
Barclays Unicorn Int. (Ch. Is.) Ltd.
Barclays Unicorn Int. (I.o.Man)
Bishopsgate Commodity Ser. Ltd.
Bridge Management Ltd.
Britannia Tst. Mngmt. (CI) Ltd.
Brown Shipley Tst. Co. (Jersey) Ltd.
Butterfield Management Co. Ltd.
Capital International S.A.
Charterhouse Japhet
Clive Investments (Jersey) Ltd.
Cornhill Ins. (Guernsey) Ltd.
DWS Deutsche Ges. F. Wertpapiersp
Delta Group
Deutscher Investment-Trust
Dreyfus Intercontinental Inv. Fd.
Emson & Dudley Tst. Mgt. Jrsy. Ltd.
The English Association
Eurobond Holdings N.V.
F. & C. Mgmt. Ltd. Inv. Advisers
Fidelity Mgmt. & Res. (Bda.) Ltd.
Fidelity Mgmt. Research (Jersey) Ltd.
First Viking Commodity Trusts
Fleming Japan Fund S.A.
Free World Fund Ltd.
G.T. Management Ltd.
Gartmore Invest. Ltd. Ldn. Agts.
Hambro Pacific Fund Mgmt. Ltd.
Hambros (Guernsey) Ltd.
Henderson Baring Fund Mgrs. Ltd.
Hill-Samuel & Co. (Guernsey) Ltd.
Hill Samuel Invest. Mgmt. Intnl.
International Pacific Inv. Mgmt. Ltd.
J.E.T. Managers (Jersey) Ltd.
Jardine Fleming & Co. Ltd.
Keyser Ullmann Ltd.
King & Shaxson Mgrs.
Kleinwort Benson Limited
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Lloyds Bank International, Geneva
Management International Ltd.
M & G Group
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Murray, Johnstone (Inv. Adviser)
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Negit Ltd.
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Phoenix International
Quest Fund Mngmt. (Jersey) Ltd.
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Rothschild Asset Mgt. (Bermuda)
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Save & Prosper International
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Stronghold Management Limited
Surinvest (Jersey) Ltd. (x)
TSB Unit Trust Managers (C.I.) Ltd.
TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Utd. Intnl. Mngmnt. (C.I.) Ltd.
United States Tst. Intl. Adv. Co.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
World Wide Growth Management
Wren Commodity Fund

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
97	94⅝	Treasury 3pc '79‡‡	97xd	+⅛	3.09	8.95
97⅞	95⅛	Electric 4¼pc '74-79	97½xd	+⅛	4.36	9.01
104 11/16	98 1/16	Treasury 10½pc '79‡‡	100⅛	+⅛	10.49	10.21
96½	94½	Electric 3½pc '76-79	96⅛	+¼	3.64	9.40
103⅛	95⅞	Treasury 9pc 1980‡‡	99⅛	+¼	9.08	10.29

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	.....	—	—
41	33	Do. 5pc Pref.	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	13.10

BONDS & RAILS—Cont.

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Misc.)

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$11¾	830c	East Drie R1	980c	.....	Q115c	♦ 3.5
585c	330c	East Rand Prp. R1	420c	.....	Q10c	— —
$28⅛	$16½	F.S. Geduld 50c	$21⅞	−¼	Q315c	2.4 16.6
$15⅛	975c	Pres. Brand 50c	$13⅝	+⅛	Q150c	3.2 12.9
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550c	313c	Stilfontein 50c	540	+5	Q66c	2.3 14.1
$23⅞	$16¼	Vaal Reefs 50c	$22¼	−⅛	Q280c	♦ 14.5
$37	$25	West Drie R1	$29½	−⅛	†Q385c	1.7 15.0
$31¼	$19	West Hldgs. 50c	$26¼	.....	Q415c	1.4 28.2
$13	895c	Western Deep R2	$10⅞	−⅛	Q147½c	2.4 15.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday March 9 1979

Tanker changes likely after Amoco report

BY PAUL TAYLOR

SHIP OWNERS are likely to face increased pressure to modify steering systems on large vessels as a result of the interim report into the Amoco Cadiz super-tanker disaster published yesterday.

The Inter-Government Maritime Consultative Organisation is expected to be asked to introduce regulations requiring the modification of existing systems and twin fully independent systems on new ships.

Some major oil companies are understood already to have begun modifying tanker steering systems in the aftermath of the Amoco Cadiz incident at a cost of between £75,000 and £100,000 a vessel. The Board of inquiry set up by Liberia to investigate the incident blames the failure of steering gear in stormy seas as the main cause for 220,000 tons of crude oil being spilled on to the Brittany coast.

Similar equipment is fitted to many types of large ships, including bulk carriers and passenger liners. Liberia will now press for changes in IMCO requirements.

The board's 57-page report detailing the incident and making a series of recommendations was accepted by Mr. Gerald Cooper, Liberian Maritime Commissioner, who said the findings were "relevant to every fleet, anywhere in the world."

While recommendations on such matters as steering gear design and crew training are likely to result in major changes in international ship safety requirements, the board's explicit criticism of the French authorities for "a singular lack of co-operation" during the inquiry is expected to cause continued political friction.

Liberia, whose tanker fleet is the largest in the world, emerges from the report uncriticised. The report says the Amoco Cadiz was a modern well-equipped vessel conforming to all international requirements and manned by a qualified and well trained crew.

But the Board admonishes the crew for poor chart keeping before the steering-gear failed and is particularly critical of the tanker's master, Captain Pasquale Bardari, for his delay in calling for assistance and in his handling of events.

The board's final report is expected to be produced by the end of the year and will take into account evidence which is at present unavailable, because of civil litigation in France and the U.S. To date the inquiry is thought to have cost Liberia about £125,000.

Republic of Liberia, Interim Report on the loss of the Amoco Cadiz.

Details, Page 2

Gulf and Lonrho row over directors

BY JAMES BARTHOLOMEW

A ROW between Lonrho, the overseas trading company, and its largest shareholder, Gulf Fisheries, erupted at yesterday's annual shareholders' meeting in London.

Mr. Edward Walker Arnott, a City solicitor representing Gulf Fisheries, a Kuwaiti company, proposed replacing two existing directors by two Gulf nominees, Mr. Thomas Ferguson and Mr. Ewan McDonald. Although the move was defeated a poll of shareholders is to be held.

Mr. Walter Arnott said: "Gulf Fisheries is not and has not been for some time a satisfied investor." Gulf had acquired 40m shares—about 21 per cent of the issued capital—in the mid-1970s. Since then the rise in profits, shareholders' funds and earnings per share had been impressive, he said.

"The performance over the same period of the share price has not, however, been impressive," he said.

Gulf had proposed at least 12 months ago that three new directors be appointed he said. But the board had decided to take no action.

His claim was challenged immediately by Mr. Edward du Cann, the Conservative MP and a director of Lonrho. The Board was not approached until seven days before the meeting, he said. This sudden demand was not the right way to go about the matter. He was "sad and surprised."

The link with Gulf had arisen through Lonrho's desire to develop business in the Middle East, he said. Lonrho had hoped Gulf's owners would be able to introduce business. But Gulf did not, and its representatives resigned. The reason given was the pressure of work, said Mr. du Cann—"believe it or not."

"I am sorry to say that our ambition to develop business in the Middle East failed," he said.

At yesterday's meeting, shareholders voted overwhelmingly in favour of the existing directors, Mr. Paul Spicer and Mr. Philip Tarsh, on a show of hands. But Gulf insisted on a poll. This will take place within 30 days, in a manner to be decided by Lonrho.

Cabinet survival plan may delay election to autumn

BY RICHARD EVANS, LOBBY EDITOR

THE CABINET drew up a survival plan for the Government yesterday which could see Mr. James Callaghan still in office in the summer, or even until the autumn, if the Prime Minister believes this would give him a better electoral chance.

The key is the decision to delay for as long as possible the tabling of the Order annulling the Scotland Act, which provides for a separate Assembly for Scotland, and then the timing of the subsequent Commons vote.

The present proposal is to delay the vote until after the General Election if possible, and to put the Scotland Act into a state of suspense so that it could be revived if Labour returned to power.

The Scottish National Party has not yet been approached, but it could well prefer to see the Bill put into cold storage rather than defeated outright. The Tories would give any fresh devolution legislation a low priority.

Conservative leaders who had expected an early election after the inconclusive Scottish referendum on devolution were forced to concede that they saw no obvious opportunity to launch a motion of no confidence in the Government that would attract support from all minority parties and be successful.

What seems certain is that the Conservatives will be unable to do anything effective for several weeks to put pressure on the Government because of lack of suport from the Nationalists and the Liberals.

This will almost certainly take Mr. Callaghan safely up to the Budget on April 3, and Conservative leaders do not believe that this or the Finance Bill will necessarily present them with a suitable opportunity to go for the kill.

The chances are that the Budget will be brief, and drafted sufficiently carefully to avoid a combined attack from all Opposition parties. Even if the Government were defeated on specific clauses of the Finance Bill, it would accept the reverse, and continue in office.

The difficulty facing Mrs. Margaret Thatcher, the Tory Leader, is that there is little she can do to attract the support of the minority parties. All the initiatives lie with the Government. The SNP is content to allow the Cabinet some time to consider its devolution policy.

In the light of the referendum results, the Ulster Unionists will make no move against Mr. Callaghan until the legislation increasing the number of Northern Ireland seats receives the Royal Assent.

This was expected within the next week or so, but there was a further hold-up during the Bill's Report Stage in the Lords yesterday, when the Liberals tabled further amendments. This will give Mr. Callaghan a further breathing space.

Because the Commons arithmetic is so tight for the Government, the writ for the Liverpool Edge Hill by-election is to be moved today, and polling will be on March 29.

If Labour retains the seat against Liberal and Tory opposition, it will give Mr. Callaghan another invaluable vote.

The Prime Minister gave an assurance in the Commons that there would be "no undue delay" in bringing forward the Orders repealing the Scotland and Wales Acts, but added significantly that it was not unreasonable for the Government to want "a few weeks" in which to consider the referendum result in Scotland.

The Government's determination not to rush to repeal the legislation is partly to ensure survival and partly to avoid a backlash from the 1.2m Scots voters, many of them Labour, who supported the devolution proposals.

Good reason for the delay is shown in a Market and Opinion Research International poll in today's Daily Express which gives the Conservatives a 13 per cent lead over Labour. The Tories have 52 per cent of the poll; Labour 39; the Liberals 7; and others 2 per cent.

The Tory lead is down from 18 per cent a month ago, but this was taken at the height of industrial unrest and was regarded widely as an unrealistic assessment.

The present lead would give Mrs. Thatcher a massive overall lead in the Commons.

Parliament, Page 11

Ecevit attacks West for failure to aid Turkey

BY METIN MUNIR IN ANKARA

MR. BULENT ECEVIT, the Turkish Prime Minister, yesterday rebuked the West for the "disheartening state" of the follow-up on the promises of an emergency aid package for Turkey made at the Guadeloupe summit. In a statement giving a clear indication of the acute problems Turkey is having in obtaining international aid, he also attacked the West for attaching "unacceptable conditions" to its offers of help to salvage his country's troubled economy.

"We are disappointed with the lack of concrete steps on the part of many of our own allies and partners in the way of alleviating our urgent economic problems," Mr. Ecevit said in Ankara.

Over two months have passed since the Western leaders meeting in Guadeloupe decided to launch a multi-national programme of emergency aid, but nothing concrete has transpired.

Mr. Ziya Muezzinoglu, Turkey's Finance Minister, this weekend visited the Organisation for Economic Co-operation and Development in Paris which is co-ordinating the programme. He then flew to Bonn for talks with Herr Helmut Schmidt, the German Chancellor, who is concerned that Turkey should receive aid.

But yesterday Mr. Ecevit said of the credits being put together by western states and banks: "We continue to encounter certain unacceptable conditions which would be incompatible with the realities and requirements of the existing situation in Turkey."

The conditions put forward by the West through the OECD include the requirement that Turkey must adopt frest stringency measures—including a large devaluation of the Turkish lira—along lines proposed by the International Monetary Fund.

Mr. Ecevit has been in power for 14 months without being able to contain political violence or solve the economic crisis. Having lost much of his credibility and popularity, he is afraid that new belt-tightening measures, as prescribed by the West, may lead to greater social unrest.

Political violence had forced him to declare martial law last December in 13 of Turkey's 67 provinces.

Devaluation

Mr. Ecevit's statements today indicated that Turkey and the West may have reached a deadlock over the aid package.

Mr. Muezzinoglu's recent talks with the OECD and German officials in Paris and Bonn appear not to have softened the IMF's conditions. Western bankers and diplomats believe that for Turkey's economic salvation the discipline of IMF prescriptions is essential. Negotiations allowing Turkey to make the third drawing under the $450m stand-by agreement signed last April are now suspended. They should have been completed by November 25 last year.

Mr. Ecevit appears to be particularly opposed to devaluing the Turkish Lira which has depreciated by almost 100 per cent. The pound, officially set at 50 lira, was fetching up to 100 lira on the Istanbul black market yesterday.

"We are resolved to solve our economic problem in a way which would not create new social unrest in Turkey and in a way which would be compatible with our determination to preserve and strengthen democracy," Mr. Ecevit said.

David Tonge adds: Mr. Ecevit and his closest aides increasingly question whether the "emergency package" will be large and early enough to help the government. After the breaking—as they see it—of various promises of aid received last year, they say that they are no longer certain that the West will live up to its latest offers.

They therefore contend it is not worth their while taking all the austerity measures demanded by the West.

The particular sticking point at present is the devaluation. Refusal to devalue in 1977 contributed to the downfall of Mr. Ecevit's predecessor. But now, even if the lira has lost so much of its value, devaluation would be costly in political terms.

Du Cann's £1.4m from Cannon sale

By Eric Short

CANNON ASSURANCE, the unit-linked life company, is to be bought by the Canadian finance and property Cascade Group, for £9.6m.

One of Cannon's major shareholders, Mr. Edward du Cann, the Tory MP, will make more than £1m profit from the deal.

The sale to Inland Financial, a division of Cascade, was announced yesterday by merchant bankers Keyser Ullmann Holdings, Cannon's majority shareholder with 66 per cent of the equity.

Cannon has a chequered history, starting as International Life Insurance (UK), the British end of Mr. Bernie Cornfeld's Investors' Overseas Services empire. Mr. du Cann, who will gain £1.4m from the sale through his 15 per cent shareholding, played a large part in rescuing ILI when IOS collapsed in 1971.

In conjunction with Keyser, whose chairman he was at the time, he acquired the company in 1972 when it was close to being liquidated. He arranged for Keyser to take the majority holding and took a substantial minority stake himself.

This maintained Cannon as a going concern, but caused lengthy litigation between the IOS liquidators and Mr. du Cann and Keyser Ullmann. The case was only settled last May.

Mr. du Cann said yesterday that everyone was willing to criticise people who took risks and were successful. But in 1972 he took a real business risk in trying to keep ILI viable.

Sainsbury issues ultimatum in attempt to sell cosmetics

BY COLLEEN TOOMEY

J. SAINSBURY, the supermarket chain which for the last two years has tried unsuccessfully to sell leading cosmetics brands in its stores, intends appealing to the Office of Fair Trading unless several manufacturers capitulate in the next few days.

Mr. Peter Davis, Sainsbury's marketing director, claims that any manufacturer refusing to sell branded cosmetics to Sainsbury, would be operating a restrictive trade practice.

Mr. Davis said last night, however, that one leading cosmetics manufacturer showed signs of breaking ranks by agreeing to sell to Sainsbury. He declined to name the manufacturer until further talks took place.

"This is very encouraging, but will not at this time prevent us from going to the OFT. It will depend on which other companies agree to sell their products to Sainsbury," he said.

Sainsbury claimed that cosmetics manufacturers were not enthusiastic about supermarket sales because they feared jeopardising relations with the Boots chemist chain, which has 34 per cent of the UK retail cosmetic market. Boots said, however, that the company "thrived on competition" and strongly denied it was trying to prevent Sainsbury from selling branded cosmetics.

Sainsbury also said leading cosmetics manufacturers were afraid that the prestige of their products would be damaged by selling them alongside food.

Sainsbury, having so far failed to persuade most leading manufacturers to supply cosmetics, has just become the first supermarket group to launch its own cosmetics range, Natur, into 15 large branches.

The manufacturer, E. R. Holloway, also supplies F. W. Woolworth with own-label cosmetics, but says the Natur range is aimed at a different customer, and intended to compete with Boots' cosmetics.

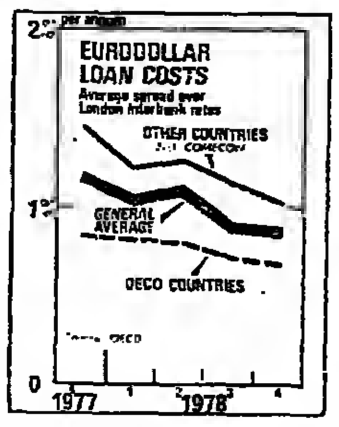
Sainsbury also sells a range of cosmetics made by Noxell Corporation and stocks men's toiletries in some of its stores, obtaining them through wholesalers rather than directly from the manufacturers. Mr. Davis claimed that a manufacturer had tried to stop distribution by putting pressure on one wholesaler—but Sainsbury had continued to sell the products by switching to a different supplier.

"We will continue to offer these products to our customers by whatever legal channels we can use," Mr. Davis said.

Decline in loan cost continues

THE continuing decline in the cost of raising Eurocurrency loans was underlined yesterday when Caisse Nationale des Telecommunications, the French state agency, announced plans to raise $350m at the lowest rates for five years.

The loan, which will serve as a back up line for the equivalent amount of commercial paper to be issued in New York, includes a margin above the interbank rate of ⅜ per cent for the first three years rising to ½ per cent for the last seven. This is the first time the margin has fallen below ½ per cent in recent years and the psychological impact on the market could be considerable.



Société Générale and Midland Bank France SA are jointly leading the loan which will be syndicated as a club deal, that is between a small number of banks.

The commitment fee is ¼ per cent per annum on the undrawn portion of the loan which represents a fall from the ⅜ per cent level paid by leading French names up to now.

Commercial paper operations of this sort generally need a supporting bank credit as a form of guarantee, although such credits are rarely drawn.

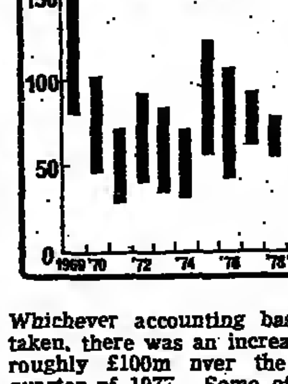
The steady erosion of lending margins in the syndicated Eurocurrency markets over the past eighteen months is illustrated by figures in the February issue of the OECD's Financial Market Trends.

These show average margins above interbank rates for OECD countries have fallen from 0.84 per cent per year to 0.69 per cent.

THE LEX COLUMN

Another dust-up at Lonrho

Index rose 3.4 to 500.3



Gunfire is rumbling once again around Lonrho's Cheapside headquarters. Prolonged proxy battles are a rarity in the UK company scene — but Lonrho is now coming up for its second such affray in six years. In 1973, an attempt by eight directors to remove chief executive Mr. R. W. Rowland was overwhelmingly defeated after an acrimonious public dispute. Now Gulf Fisheries, a Kuwaiti company which holds 21 per cent of the equity, is seeking to get two nominees on the Board. Under the articles of association, that means removing two Lonrho appointees.

Already there are conflicting stories about why this has developed into an open breach. One curious feature is that the Kuwaities originally had Board representation, but relinquished it at the end of 1976, apparently due to the pressure of other commitments. Another oddity is that Gulf professes itself satisfied with the earnings performance of Lonrho, and says it is only concerned about the share price. Yet the best answer to the question of why Lonrho's shares are so poorly rated is that it is just too prone to yesterday's type of brouhaha. Neither side can gain from a public slanging match.

About the only undisputed issue is that the reasons for Gulf's investment disappeared along with Lonrho's failure to develop its Middle East activities on anything like the scale envisaged in the accounts for 1974 and 1975. Gulf is left with 40.5m shares currently worth £25.5m which—at a very crude guess—could be about a third less than it paid for them in terms of the Kuwaiti dinar.

Against this stands Mr. Rowland with 26.3m shares. Institutional involvement is tiny, and Gulf's one hope must be that some of Lonrho's new shareholders—brought in by the orgy of acquisitions in the mid 1970s—will be less personally committed to Mr. Rowland than the old brigade. The issued share capital has more than trebled since the 1973 affair.

The probability is that both sides will be writing to shareholders in the next 30 days. The final touch lies in Gulf's choice of advisers: little love has been lost between Lonrho and Robert Fleming since the latter resigned in a very public manner as advisers to Scottish and Universal Investments following Lonrho's investment in the group.

Royal Dutch/Shell

Royal Dutch/Shell's published figures for 1978 show a 21 per cent drop in net income to £1.09bn, superficially a bad result for a year that saw a 3.6 per cent rise in oil sales volume. Underneath the distortions produced by stock accounting and currency effects, earnings were more or less flat.

But in the fourth quarter income moved smartly ahead: Whichever accounting basis is taken, there was an increase of roughly £100m over the last quarter of 1977. Some of this is explained by a tax credit item, but there has clearly been a considerable underlying improvement in oil trading margins.

Even before the cutback in Iranian supplies the oil market was tightening. By now, the wider margins are well-established and this year should see the full benefits of more profitable trading. Considerable stock profits are also in prospect, especially if there is a further increase in the OPEC official price. Petrochemicals, admittedly, are having a grim time, but that sort of thing can be shrugged off now that Shell is able to make money on refining in a market as difficult as Germany, even when it has to find some of its supplies in the volatile spot market.

The oil companies can probably look forward to a sellers' market for at least a year. But oil shares have already discounted a good deal of it: the Shell T. & T. share at 680p is perhaps looking forward to 1979 income of around 110p, against only 74.3p last year. The first two quarters of 1979 may look wonderful (provided petrochemical losses are contained), but once any stock windfall is out of the way, the trend may not be as exciting. The running yield is 3.9 per cent, with a net dividend backlog of 52p a share waiting to be paid when the controls come off.

Plessey

Given Plessey's recent disappointing performance, one might have expected the stock market to shrug off another set of poor figures. Nevertheless, virtually unchanged pre-tax profits of £9.8m in the third quarter were reckoned even worse than expected and the Plessey shares closed 7p lower at 110p—one of the sharpest falls on the day.

Although Plessey is recovering from the national labour disruptions at the beginning of the year, fourth quarter profits will still be affected. So instead of the £50m for the full year which had been expected a few months ago, Plessey's profits for the full year are likely to be much the same as last year's £42.9m—its third year of virtually unchanged profits.

As usual, there are excuses. Last time it was the Garrard record changer business which upset the analysts' sums. The workforce has been sharply cut back but Garrard's losses in the first nine months of £3.1m are still up on the same period last year.

Now it is the telecommunications business at Liverpool's Edge Lane (bearing the brunt of the Post Office cutbacks) which is the main bugbear. In 1977-78 Edge Lane lost £3.5m and in the current year the losses could rise to nearly £8m. The management has cut the labour force by over a fifth and its production space by a half. In common with Garrard, the Plessey management are planning to have this side of the business breaking even by the end of the next financial year.

For 1979-80 there is plenty of theoretical recovery potential. But Plessey has not yet proved that it can take advantage of this nor that it can earn the right sort of return on its ever expanding order book. Currently yielding 8 per cent, the shares reflect the stock market's jaundiced view of the company.

True blue

The City has returned solidly to the Tory fold. Last Friday, security prices rallied sharply after the referendum results—since when brokers Rowe Rudd have been busily polling their clients to discover whether the old jokes about the City loving Labour can finally be laid to rest.

It seems that they can. In a similar exercise two years ago, over a third of the respondents thought that a small working majority for Mrs. Thatcher would send gilt edged prices down in the following year. Now only 5 per cent share that view. Over half the 132 fund managers polled thought that such a result would be good for sterling, and three-fifths also think that equities would also benefit. Last year only 72 per cent were rooting for a Tory victory—now they nearly all are. How cozy.

Weather

UK TODAY

RAIN at times in most places. Gales and snow over high ground in Scotland and Ulster. Max. 9C (48F).

London, Cent. S, SE, England, Midlands, S Wales
Cloudy with rain at times.

N. E England, N Wales
Cloudy with rain followed by showers.

Scotland and Ulster
Showers with drifting snow on high ground. Gale force westerly winds.

● Outlook: Unsettled and windy. Bright intervals and showers, wintry in the North.

WORLDWIDE

	Y'day midday	°C	°F		Y'day midday	°C	°F
Algiers	S	18	64	London	F	10	50
Amsdm.	C	7	45	Luxmbg.	C	4	39
Athens	R	15	59	Luxor	S	21	70
Bahrain	S	24	75	Madrid	C	12	54
Beirut	F	15	59	Majorca	S	16	61
Belfast	R	7	45	Malaga	C	16	61
Belgrd.	F	16	61	Malta	S	17	63
Berlin	C	6	43	M'chstr	C	7	45
Biarritz	S	12	54	Melbne.	S	26	79
Bmghm.	R	6	43	Mex. C.	S	20	68
Blackpl.	R	6	43	Milan	S	14	57
Bordx.	F	11	52	Mntreal.	C	4	39
Boulgn.	C	6	43	Moscow	S	5	41
Bristol	R	8	46	Munich	C	3	37
Brussels	S	7	45	Nairobi	S	24	75
Budpst.	R	5	41	Naples	C	14	57
B. Aires	S	22	72	Nwcstl.	C	7	45
Cairo	S	20	68	N. York	C	7	45
Cardiff	C	8	46	Nice	S	15	59
Cape T.	S	20	72	Oporto	F	14	57
Chicago	C	2	36	Oslo	S	4	39
Cologne	C	7	45	Paris	F	9	48
Corfu	S	16	61	Perth	S	29	84
Dublin	R	8	46	Prague	C	3	37
Dbrvnk.	C	14	57	Reykjvk.	C	-4	25
Ednbgh.	R	7	45	Rhodes	S	15	59
Faro	F	16	61	Rio J'o	S	30	86
Florence	F	15	59	Rome	C	14	57
Frankft.	F	7	45	Salzbrg.	C	4	39
Funchal	C	14	57	Singapr.	S	28	82
Geneva	F	9	48	Stckhm.	S	4	39
Gibrltr.	S	17	63	Strasbg.	C	9	48
Glasgow	R	6	43	Sydney	C	24	75
G'rnsey	S	9	48	Tehran	Sn	-1	30
Helsinki	Sn	0	32	Tel Aviv	R	14	57
H. Kong	C	21	69	Tokyo	R	8	46
Innsbrk.	F	7	45	Toronto	C	4	39
Invrnss.	C	7	45	Tunis	F	19	66
Istanbul	R	3	37	Valencia	F	15	59
Jersey	S	9	48	Venice	F	11	52
Jo'burg	S	25	78	Vienna	C	7	45
L. Plms.	F	19	66	Warsaw	Fg	2	36
Lisbon	F	14	57	Zurich	F	7	45
Locarno	S	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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